Risk Factors Comparison 2024-03-20 to 2023-03-23 Form: 10-K

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You should carefully consider the following risk factors, in addition to the other information contained in this Annual Report on Form 10- K, including Management' s Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7, and our consolidated financial statements and related notes. If any of the events described in the following risk factors and the risks described elsewhere in this report occurs, our business, operating results and financial condition could be seriously harmed. Our Risk Factors are not guarantees that no such conditions exist as of the date of this report and should not be interpreted as an affirmative statement that such risks or conditions have not materialized, in whole or in part. This report on Form 10- K also contains forward- looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward- looking statements as a result of factors that are described below and elsewhere in this report. Risks Related to Our Pipeline and Product Development Our approach to the discovery and development of innovative therapeutic treatments based on our technology is unproven and may not result in marketable products. We plan to develop novel protein- based immunotherapies in part via our proprietary directed evolution platform for the treatment of autoimmune and inflammatory diseases. The potential to create therapies capable of working within and / or modulating an immune synapse, forcing a synapse to occur, or preventing a synapse from occurring is an important, novel attribute of the majority of our approaches. However, the scientific research **underlying** ~~forming the basis of~~ our efforts to develop therapeutic candidates based on our platform is relatively new. Further, the scientific evidence to support the feasibility of developing therapeutic treatments based on our platform is both preliminary and limited. Relatively few therapeutic candidates based on IgSF domains ~~, or tumor necrosis factor receptor super family,~~ or TNFRSF ~~,~~ domains ~~,~~ have been tested in humans. We may discover the therapeutic candidates developed using our scientific platform do not possess certain properties required for the therapeutic candidate to be effective. We currently have only limited data to suggest we can introduce these necessary therapeutic properties into ~~variant Ig domain, or~~ vIgD ~~-~~ ~~or variant TNF (R) domain,~~ or vTD ~~,~~ ~~-~~ based therapeutic candidates. In addition, vIgDs or vTDs may demonstrate different chemical and pharmacological properties in human subjects or patients than they do in laboratory studies. Even if our programs have successful results in animal studies, they may not demonstrate the same chemical and pharmacological properties in humans and may interact with human biological systems in unforeseen, ineffective, or harmful ways. While we continue to evaluate our vIgDs and vTDs preclinically and clinically, ~~the~~ **their** risk ~~profile~~ **profiles** in humans ~~is~~ **are** still being fully assessed. Undesirable side effects that may be caused by our therapeutic candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other comparable foreign authorities. Such side effects could also affect patient recruitment or the ability of enrolled patients to complete clinical trials or result in potential product liability claims. For example, we ~~recently~~ voluntarily terminated enrollment in both clinical studies involving davoceticept, including the NEON- 1 study of davoceticept as monotherapy and the NEON- 2 study of davoceticept in combination with pembrolizumab. The decision to terminate enrollment in the davoceticept studies was made following notification of a second Grade 5 serious adverse event (death) in the NEON- 2 study. Occurrences like these may harm our business, financial condition and prospects significantly. As a result, we may never succeed in developing a marketable therapeutic, we may not become profitable, and the value of our common stock may decline. Further, we believe that the FDA has little prior experience with vIgDs or vTDs, which may increase the complexity, uncertainty, and length of the regulatory approval process for our therapeutic candidates. Our company and our current collaborators, or any future collaborators, may never receive approval to market and commercialize any therapeutic candidate. Even if our company or a collaborator obtains regulatory approval, the approval may be for disease indications or patient populations not as broad as we intended or desired or may require labeling, including significant use or distribution restrictions or safety warnings. Our company or a collaborator may be required to perform additional or unanticipated clinical trials to obtain approval or be subject to post- marketing testing requirements to maintain regulatory approval. If therapeutic candidates we develop using our scientific platform prove to be ineffective, unsafe, or commercially unviable, our entire platform and pipeline would have little, if any, value, which could have a material adverse effect on our business, financial condition, results of operations, and prospects. The market may not be receptive to our therapeutic products based on a novel therapeutic modality, and we may not generate any future revenue from the sale or licensing of therapeutic products. Even if approval is obtained for a therapeutic candidate, we may not generate or sustain revenue from sales of the therapeutic product due to factors such as whether the therapeutic product can be sold at a competitive price and otherwise accepted in the market. Therefore, any revenue from sales of the therapeutic product may not offset the costs of development. The therapeutic candidates we are developing are based on new technologies and therapeutic approaches. Market participants with significant influence over acceptance of new treatments, such as physicians and third- party payors, may not adopt a treatment based on our therapeutic products, and we may not be able to convince the medical community and third- party payors to accept and use, or to provide favorable coverage or reimbursement for, any therapeutic products developed by our company, our existing ~~collaborator~~ **collaborators** , or any future collaborators. Market acceptance of our therapeutic products will depend on, among other factors: • the timing of ~~our receipt of~~ any marketing and commercialization approvals; • the **geographies,** terms and scope of any approvals ~~and the countries in which approvals are obtained~~ ; • the safety and efficacy of our therapeutic products; • the prevalence and severity of any adverse side effects associated with our therapeutic products **and** ~~; • the~~ **other** ~~prevalence and severity of any adverse side effects associated with~~ therapeutics of the same type or class as our therapeutic products; • limitations or warnings contained in any labeling approved by the FDA or other regulatory ~~authority~~ **authorities** ; •

relative convenience and ease of administration of our therapeutic products; • the willingness of patients to accept, and the willingness of physicians to prescribe, any new methods of administration; • the success of our physician education programs; • the availability of adequate government and third- party payor coverage and reimbursement; • the willingness of patients to pay out- of- pocket in the absence of coverage by government and third- party payors; • the pricing of our products, particularly as compared to alternative treatments; • our ability to compliantly and effectively market and sell our products; • the timing of market introduction of our therapeutic products as well as alternative treatments; and • availability of alternative effective treatments for the disease indications our therapeutic products are intended to treat and the relative risks, benefits, and costs of those treatments. With our development focus, these risks may increase to the extent this field becomes more competitive or less favored in the commercial marketplace. Additional risks apply in relation to any disease indications we pursue which are classified as rare diseases and allow for orphan drug designation by regulatory agencies in major commercial markets, such as the United States, **the** European Union, and Japan. Because of the small patient population for a rare disease, if pricing is not approved or accepted in the market at an appropriate level for an approved therapeutic product with orphan drug designation, such ~~drug~~ **therapeutic product** may not generate enough revenue to offset costs of development, manufacturing, marketing, and commercialization despite any benefits received from the orphan drug designation, such as market exclusivity, assistance in clinical trial design, or a reduction in user fees or tax credits related to development expense. Market size is also a variable in disease indications classified as rare. Our estimates regarding potential market size for any rare indication may be materially different from what we discover to exist at the time we commence commercialization, if any, for a therapeutic product, which could result in significant changes in our business plan and have a material adverse effect on our business, financial condition, results of operations, and prospects. If a therapeutic product with orphan drug designation subsequently receives the first FDA approval for the indication for which it has such designation, ~~the~~ **such** therapeutic product is entitled to orphan product exclusivity, which means the FDA may not approve any other applications to market the same therapeutic product for the same indication, except in very limited circumstances, for seven years. Orphan drug exclusivity, however, could also block the approval of one of our therapeutic products for seven years if a competitor obtains approval of the same therapeutic product as defined by the FDA or if our therapeutic product is determined to be within the same class as the competitor' s therapeutic product for the same indication or disease. In **response to the court decision in** Catalyst Pharms., Inc. v. Becerra, 14 F. 4th 1299 (11th Cir. 2021), **on** ~~the court disagreed with the FDA' s longstanding position that the orphan drug exclusivity only applies to the approved use or indication within an eligible disease, and not to all uses or indications within the entire disease or condition. In particular, the circuit court held that the orphan- drug exclusivity for Catalyst' s drug blocked FDA' s approval of another drug for all uses or indications within the same orphan- designated disease, or Lambert- Eaton myasthenic syndrome, or LEMS, even though Catalyst' s drug was approved at that time only for use in the treatment of LEMS in adults. Accordingly, the court ordered the FDA to set aside the approval of a drug indicated for LEMS in children. This decision created uncertainty in the application of the orphan drug exclusivity. On~ January 24, 2023, the FDA published a notice in the Federal Register to clarify that while the agency complies with the court' s order in Catalyst, FDA intends to continue to apply its longstanding interpretation of the regulations to matters outside of the scope of the Catalyst order – that is, the agency will continue tying the scope of orphan- drug exclusivity to the uses or indications for which a drug is approved, which permits other sponsors to obtain approval of a drug for new uses or indications within the same orphan designated disease or condition that have not yet been approved. It is unclear how future litigation, legislation, agency decisions, and administrative actions will impact the scope of the orphan drug exclusivity. As in the United States, we may apply for designation of a therapeutic product as an orphan drug for the treatment of a specific indication in the European Union before the application for marketing authorization is made. Sponsors of orphan drugs in the European Union can enjoy economic and marketing benefits, including up to ten years of market exclusivity for the approved indication unless another applicant can show its therapeutic product is safer, more effective, or otherwise clinically superior to the orphan- designated therapeutic product. The respective orphan designation and exclusivity frameworks in the United States and in the European Union are subject to change, and any such changes may affect our ability to obtain EU or U. S. orphan **drug** designations in the future. Our therapeutic candidates are in early stages of development and may fail in development or suffer delays that materially and adversely affect their commercial viability. We have no products on the market and all of our therapeutic candidates are in early stages of development. Our ability to achieve and sustain profitability depends on obtaining regulatory approval and IRB approval to conduct clinical trials at particular sites, obtaining regulatory approvals to market our therapeutic candidates and successfully commercializing our therapeutic candidates, either alone or with third parties, such as our collaborators. Before obtaining regulatory approval for the commercial distribution of our therapeutic candidates, we or a collaborator must conduct extensive preclinical tests and clinical trials to demonstrate the safety and efficacy in humans of our therapeutic candidates. Preclinical testing and clinical trials are expensive, difficult to design and implement, can take many years to complete, and are uncertain as to outcome. For example, in October 2022, we announced the termination of enrollment of ~~davoceticept~~ **our** clinical studies **with davoceticept** (NEON- 1 and NEON- 2) after we were notified of a second death in the NEON- 2 study, which investigated davoceticept in combination with pembrolizumab. **We** ~~While we continue to monitor all NEON study participants previously enrolled in the NEON studies, we~~ are currently focused on advancing the development of **povetacicept and** acazicolcept ~~and povetacicept~~ ; however, even with the significant investment of time and funding to advance these product candidates, we cannot guarantee that our clinical and preclinical development efforts will be successful. The start or end of a clinical study is often delayed or halted due to delays in or failure to obtain regulatory approval to commence the study, delays in or failure to reach agreement on acceptable terms with prospective contract research organizations, or CROs, or clinical trial sites, delays in or failure to obtain IRB approval at each site, changing regulatory requirements, manufacturing challenges, clinical sites or CROs deviating from the trial protocol or failing to comply with regulatory requirements or meet contractual obligations, slower than anticipated patient enrollment, changing standards of care, availability or prevalence of use of a comparative therapeutic or required prior therapy, clinical outcomes, failure of

patients to complete the trial or return for post- treatment follow- up, or financial constraints. For instance, delays or difficulties in patient enrollment or difficulties in retaining trial participants can result in increased costs, longer development times, **requirements to manufacture additional drug supply,** or termination of a clinical trial. Clinical trials of a new therapeutic candidate require the enrollment of a sufficient number of patients, which may include patients who are suffering from the disease the therapeutic candidate is intended to treat and who meet other eligibility criteria. Rates of patient enrollment are affected by many factors, including the size of the patient population, the eligibility criteria for the clinical trial, the age and condition of the patients, the stage and severity of disease, the nature of the protocol, the proximity of patients to clinical sites, and the availability of effective treatments or competing academic and other clinical trials for the relevant disease. A therapeutic candidate can unexpectedly fail at any stage of preclinical and clinical development. The historical failure rate for therapeutic candidates is high due to scientific feasibility, safety, efficacy, changing standards of medical care, and other variables. The novelty of our platform may mean our failure rates are higher than historical norms. The results from preclinical testing or early clinical trials of a therapeutic candidate may not predict the outcome of later phase clinical trials of the therapeutic candidate, particularly in autoimmune and inflammatory disorders. **For example, in November 2023, we released initial clinical data from our RUBY- 3 clinical trial of povetacicept in adult patients with autoimmune glomerulonephritis. Even though the initial clinical data from our RUBY- 3 clinical trial were positive, there can be no assurance that our ongoing povetacicept program will demonstrate adequate efficacy and safety results and that we will be able to obtain regulatory approval of povetacicept.** We will have to conduct additional trials in our proposed indications to verify the results obtained to date in our preclinical and clinical studies and to support any future regulatory submissions. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles despite promising results in earlier, smaller clinical trials. Moreover, clinical data are often susceptible to varying interpretations and analyses. We do not know whether ~~Phase 1, Phase 2, Phase 3, or~~ **our** ~~other~~ clinical trials ~~we may conduct~~ will demonstrate consistent or adequate efficacy and safety with respect to the proposed indication for use sufficient to receive regulatory approval or market our therapeutic candidates. To the extent that the results of the clinical trials are not satisfactory to the FDA or foreign regulatory authorities for supporting a marketing application, we may be required to expend significant resources, which may not be available to us, to conduct additional clinical trials in support of potential approval of our product candidates. We, the FDA, an IRB, an independent ethics committee, or other applicable regulatory authorities may suspend clinical trials of a therapeutic candidate at any time for various reasons, including a belief that subjects participating in such trials are being exposed to unacceptable health risks or adverse side effects. Similarly, an IRB or ethics committee may suspend a clinical trial at a particular trial site. We may not have the financial resources to continue development of, or to enter into collaborations for, a therapeutic candidate if we experience any problems or other unforeseen events delaying or preventing clinical development or regulatory approval of, or our ability to commercialize, therapeutic candidates, including: • negative or inconclusive results from our clinical trials, or the clinical trials of others for therapeutic candidates similar to ours, leading to a decision or requirement to conduct additional preclinical testing or clinical trials or abandon a program; • serious and unexpected drug- related side effects experienced by participants in our clinical trials or by individuals using therapeutics similar to our therapeutic candidates; • serious drug- related side effects experienced in the past by individuals using therapeutics similar to our therapeutic candidates; • delays in submitting IND applications or clinical trial applications, or comparable foreign applications, or delays or failure in obtaining the necessary approvals from regulators or IRBs to commence a clinical trial, or a suspension or termination of a clinical trial once commenced; • conditions imposed by the FDA or comparable foreign authorities, such as the European Medicines Agency, or EMA, regarding the scope or design of our clinical trials; • delays in enrolling research subjects in clinical trials; • high drop- out rates of research subjects; • inadequate supply or quality of therapeutic candidate or therapeutic candidate components, or materials or other supplies necessary for the conduct of our clinical trials, including those owned, manufactured, or provided by companies other than ours; • greater than anticipated clinical trial costs, including the cost of any approved drugs used in combination with our therapeutic candidates; • poor effectiveness of our therapeutic candidates during clinical trials; • unfavorable FDA or other regulatory agency inspection and review of a clinical trial site; • failure of our third- party contractors or investigators to comply with regulatory requirements or otherwise meet their contractual obligations in a timely manner, or at all; • delays and changes in regulatory requirements, policies, and guidelines, including the imposition of additional regulatory oversight around clinical testing generally or with respect to our technology in particular; or • varying interpretations of data by the FDA and similar foreign regulatory agencies. Because we have limited financial and operational resources, we must prioritize our research programs and will need to focus our discovery and development on select product candidates and indications. Correctly prioritizing our research and development activities is particularly important for us due to the breadth of potential product candidates and indications that we intend to utilize with our clinical development strategy. As a result, we may ~~forego~~ **forgo** or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may also relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate. Product development involves a lengthy and expensive process with an uncertain outcome, and results of earlier preclinical and clinical trials may not be predictive of future clinical trial results. Clinical testing is expensive and generally takes many years to complete, and the outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of preclinical trials and early clinical trials of our product candidates may not be predictive of the results of larger, later- stage controlled clinical trials. Product candidates showing promising results in early- stage clinical trials may still suffer significant setbacks in

subsequent clinical trials. We have evaluated acazicolcept in a Phase 1 healthy volunteer trial and previously initiated a Phase 1b / 2 study of acazicolcept in patients with steroid- resistant or steroid- refractory active acute graft- versus- host disease, or SR- aGVHD. We terminated this Phase 1b / 2 SR- aGVHD study in June 2020. Our Phase 2 study in SLE has materially increased our research and development spending **,** and **such expenditures have exceeded our expectations** ~~we expect this increased spend will continue~~ . SLE is a challenging indication and a number of trials conducted by other companies have failed after significant investment of time and funding. We cannot predict whether our efforts in this indication will be successful. If we are unsuccessful, it is unlikely that AbbVie would exercise its option for acazicolcept pursuant to **the AbbVie** ~~our option and license agreement~~ **Agreement** and, as a result, we would not receive the option payment pursuant to this agreement and we would not be eligible for future milestones and royalties. In addition, we had initiated our Phase 1 studies of davoceticept, but terminated enrollment in these studies in October 2022 following notification of a second Grade 5 serious adverse event (death) in the NEON- 2 study. We will have to conduct additional preclinical studies and human trials in our proposed indications of **povetacicept and** acazicolcept ~~and povetacicept~~ to verify the results obtained to date and to support any regulatory submissions for further clinical development. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles despite promising results in earlier, smaller clinical trials. Moreover, clinical data are often susceptible to varying interpretations and analyses. We do not know whether Phase 1, Phase 2, Phase 3, or other clinical trials we may conduct will demonstrate consistent or adequate efficacy and safety with respect to the proposed indication for use sufficient to receive regulatory approval or market our therapeutic candidates. ~~Additionally, disruptions at the FDA and other agencies may also slow the time necessary for new drugs to be reviewed by necessary government agencies, which would adversely affect our business.~~ For example, **in November 2023** ~~over the last several years~~ , **we released initial** ~~the U. S. government has shut down multiple times and certain regulatory agencies, such as the FDA, have had to furlough critical~~ **clinical data from our RUBY** ~~FDA and other government employees. In response to the COVID- 19 public health emergency,~~ **3 clinical trial of povetacicept in adult patients with autoimmune glomerulonephritis. Even though** the **initial clinical data from our RUBY** ~~FDA has postponed some inspections and continues to conduct " mission- critical~~ **clinical trial** ~~" inspections on a case- by- case basis, or, where~~ **were** ~~possible to do so~~ **positive, there can be no assurance that our ongoing povetacicept program will demonstrate adequate efficacy and** ~~safely~~ **safety results** ~~, has resumed prioritized domestic inspections, such as pre- approval~~ and **that we will** ~~surveillance inspections. In 2020 and 2021, a number of companies announced receipt of complete response letters due to the FDA' s inability to complete required inspections for their applications. While the FDA has largely caught up with domestic preapproval inspections, it continues to work through its backlog of foreign inspections, the FDA may not~~ be able to **obtain** ~~continue its current inspection pace or be unable to complete required inspections during the review period, or the review timelines could be extended, including delays or disruptions due to the COVID- 19 pandemic, travel restrictions, and staffing shortages. Regulatory authorities outside the U. S. may adopt similar restrictions or other policy measures in response to the COVID- 19 pandemic and may experience delays in their~~ regulatory ~~activities~~ **approval of povetacicept** . **Any of** ~~If a prolonged government shutdown or other -- the foregoing outcomes disruption occurs, or if global health or other concerns continue to prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities in a timely manner, it could~~ **would** ~~significantly~~ **materially and adversely** impact ~~the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on~~ our business **, product candidate pipeline and future prospects** . If we encounter delays or difficulties enrolling patients in our clinical trials and / or retention of patients in clinical trials, our clinical development activities could be delayed or otherwise adversely affected. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including supply chain disruptions, staffing shortages and other business and economic disruptions resulting from geopolitical actions, including war and terrorism, natural disasters, including earthquakes, typhoons, floods and fires, as well as other disruptions resulting from the impact of public health factors, including ~~the COVID- 19 pandemic~~ **pandemics or other health crises** , business disruptions of our strategic partners, third- party manufacturers, suppliers and other third parties upon which we rely. The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until completion of treatment and adequate follow- up. The enrollment of patients depends on many factors, including: • ~~Inability~~ **inability** to enroll, or delay in enrollment of, patients due to **infectious disease** outbreaks and public health crises ~~, such as the COVID- 19 global pandemic~~ ; • ~~The~~ **the** patient eligibility criteria defined in the protocol; • ~~The~~ **the** perceived risks and benefits of the product candidate being studied; • ~~The~~ **the** size of the patient population required for analysis of the trial' s primary endpoints; • ~~The~~ **the** proximity of patients to trial sites; • ~~The~~ **the** design of the trial; • ~~Our~~ **our** ability to recruit clinical trial investigators with the appropriate competencies and experience; • ~~Our~~ **our** ability to obtain and maintain patient consent; • ~~Geopolitical~~ **geopolitical** events in countries where we have or seek to have clinical trial sites; • ~~Reporting~~ **reporting** of the preliminary results of any of our clinical trials; and • ~~The~~ **the** risk that patients enrolled in clinical trials will drop out of the trials before completion of treatment and adequate follow- up. In addition, our clinical trials will compete with other clinical trials for product candidates that are in the same therapeutic areas as our product candidates, and this competition will reduce the number and types of patients available to us because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Since the number of qualified clinical investigation sites is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites. Geopolitical events in countries where we have or seek to have clinical trial sites can also negatively impact our ability to enroll patients in our trials. For example, we had intended to open trial sites in Russia for both our ongoing Synergy trial and our planned Phase 2 trial in SLE with povetacicept. Following the start of the Russia- Ukraine conflict, we abandoned our plans to open these sites. Although no sites in Russia had been opened, we had to revise our plans and locate alternative trial sites ~~in order~~ to ~~help~~ **enable us to** achieve **our** targeted enrollment numbers and

enrollment rates for these trials. ~~While we have implemented various contingency plans to increase enrollment following the start of the Russia- Ukraine conflict, we cannot be certain that our contingency plans will be successful in replacing these~~ **These** ~~anticipated sites or increasing enrollment rates generally. Any resulting~~ delays ~~in patient enrollment may increase our~~ **or** ~~costs or~~ **delays in any other trials we conduct** may **also** affect the timing or outcome of our ongoing and planned clinical trials, which could prevent completion or commencement of these trials and adversely affect our ability to advance the development of our product candidates. Our product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, require expansion of the trial size, limit their commercial potential, or result in significant negative consequences. Clinical trials that involve patients with significant co- morbidities are associated with increased risks as such participants may be particularly susceptible to safety and toxicity risks. In addition, these side effects may not be appropriately recognized or managed by the treating medical staff, as safety and toxicity monitoring may be complicated and difficult to manage, which could result in patient death or other significant issues. Additionally, it can be difficult to determine if the serious adverse or unexpected side effects were caused by the product candidate or another factor, especially in subjects who may suffer from other medical conditions and take other medications. Such risks are increased in clinical trials that allow combinations of therapies. If serious adverse events or undesirable side effects arise, we could be required to suspend, delay, or halt our clinical trials. For example ~~,~~ in October 2022, we voluntarily terminated enrollment in both clinical studies involving davoceticept following a second Grade 5 serious adverse event (patient death) in the NEON- 2 trial. Additionally, serious adverse events or undesirable side effects could cause regulatory authorities to deny approval or require us to limit development of that product candidate 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. Undesirable side effects could also result in an expansion in the size of our clinical trials, increasing the expected costs and timeline of our clinical trials. Side effects that are observed during the trial, whether treatment related or not, could also affect patient recruitment for future trials or the ability of enrolled patients to complete the trial or result in potential product liability claims. **For example, adverse events in our RUBY- 3 clinical trial were generally mild or moderate in severity, however, there can be no guarantee that we will observe a similar adverse event profile of povetacicept in our ongoing or other future clinical trials. Many compounds that initially show promise in clinical or earlier- stage testing are later found to cause undesirable or unexpected side effects that prevent further development of the compound.** Further, if serious adverse events or undesirable side effects are identified during development or after approval and are determined to be attributed to any of our product candidates, we may be required to develop Risk Evaluation and Mitigation Strategies, or REMS, to ensure that the benefits of treatment with such product candidate outweigh the risks for each potential patient, which may include, among other things, a communication plan to health care practitioners, patient education, extensive patient monitoring or distribution systems and processes that are highly controlled, restrictive and more costly than what is typical for the industry. Any of these occurrences may harm our business, financial condition and prospects significantly. We face competition from entities that have developed or may develop therapeutic candidates for our target disease indications, including companies developing novel treatments and technology platforms based on modalities and technology similar to ~~us~~ **ours** . We participate in the highly competitive sector of biotechnology and pharmaceuticals and in the subsector of immune modulation. This subsector has undergone tremendous technological advancement over the last decade due to advancements in understanding the role of the immune system across multiple therapeutic areas, including autoimmune and inflammatory disease. While we believe our novel technology platform, discovery programs, knowledge, experience, and scientific resources offer competitive advantages, we face competition from major pharmaceutical and biotechnology companies, academic institutions, governmental agencies, public and private research institutions, and others. Any products we successfully develop and commercialize will face competition from currently approved therapies and new therapies potentially available in the future. The availability of reimbursement from government and other third- party payors will also significantly affect the pricing and competitiveness of our products. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for our products, which could result in our competitors establishing a strong market position before we are able to enter the market. Many of **our competitors** ~~the companies we compete against~~ may have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals, and marketing approved products. Smaller or early- stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. If these companies develop technologies or therapeutic candidates more rapidly than we do, or their technologies, including delivery technologies, are more effective, our ability to develop and successfully commercialize therapeutic candidates may be adversely affected. For additional information regarding our competitors and the competitive landscape, please refer to the section of this report titled " Business — Competition. " Many of our competitors have significantly greater financial, technical, manufacturing, marketing, sales, and supply resources or experience than we have. If we successfully obtain approval for any therapeutic candidate, we will face competition based on many different factors, including safety and effectiveness, ease with which our products can be administered and the extent to which patients accept relatively new routes of administration, timing and scope of regulatory approvals, availability and cost of manufacturing, marketing and sales capabilities, price, reimbursement coverage, and patent position of our products. Competing products could present superior treatment alternatives, including by being more effective, safer, less expensive, or marketed and sold more effectively than any products we may develop. Competitive products may make any products we develop obsolete or noncompetitive before we recover the expense of developing and commercializing our therapeutic candidates. Competitors could also recruit our employees, which could negatively impact our ability to execute our business plan . We face risks related to COVID..... impact the value of our common stock . We believe our development

programs and platform have a particular mechanism of action, but this mechanism of action has not been proven conclusively. Our scientific platform is novel, and the underlying science is not exhaustively understood nor conclusively proven. In particular, the interaction of vIgDs with the immune synapse, the ability of vIgDs to slow, stop, restart, or accelerate immune responses, and the ability of vIgD domains to interact with multiple counter structures is still largely theoretical. Graphical representations of proposed mechanisms of action of our therapies, the size, actual or relative, of our therapeutics, and how our therapeutics might interface with other cells within the human body, inside the immune synapse, or inside the disease and / or the tumor microenvironment are similarly theoretical and not yet conclusively proven. The lack of a proven mechanism of action may adversely affect our ability to raise sufficient capital, complete preclinical studies, adequately manufacture drug product, obtain regulatory clearance for clinical trials, gain marketing approval, or conclude collaborations, or interfere with our ability to market our product to patients and physicians or achieve reimbursement from payors. Development of product candidates in combination with other therapies could expose us to additional risks. Development of any of our product candidates in combination with one or more other therapies that have either been approved or not yet been approved for marketing by the FDA, EMA or comparable foreign regulatory authorities could expose us to additional risks, as combination therapies may increase the rate of serious or unexpected adverse events, which could result in a clinical hold as well as pre-approval and post- approval restrictions by the FDA or other regulatory authorities on the proposed combination therapy, including narrowing of the indication, warnings, additional safety data collection and monitoring procedures, and REMS, even if the cause of such serious or unexpected adverse events are not directly attributed to our product candidate. Any of these events or restrictions could have a material adverse effect on our business, development of our product candidates, delay our regulatory approval, and decrease the market acceptance and profitability of our product candidate if approved for a combination therapy. For example, as discussed in the risk factor above, our NEON- 2 trial evaluating davoceticept in combination with Merck' s pembrolizumab in adults with advanced malignancies was placed on partial clinical hold by the FDA between March 2022 and May 2022, during which time we were unable to enroll any additional participants in the clinical trial, and was later voluntarily terminated in October 2022 due to safety concerns. We will not be able to market and sell any product candidate in combination with any unapproved therapies that do not ultimately obtain marketing approval. If the FDA, EMA or other comparable foreign regulatory authorities do not approve or revoke their approval of other therapies used in combination therapies, or if safety, efficacy, commercial adoption, manufacturing or supply issues arise with the therapies we choose to evaluate in combination with any of our product candidate, we may be unable to obtain approval of or successfully market any one or all of the product candidates we develop. Even if any of our product candidates were to receive marketing approval or be commercialized for use in combination with other existing approved therapies, we would continue to be subject to the risks that the FDA, EMA or other comparable foreign regulatory authorities could revoke approval of the other therapy used in combination with any of our product candidates, or safety, efficacy, manufacturing or supply issues could arise with these existing therapies. In addition, it is possible that existing therapies with which our product candidates are approved for use could themselves fall out of favor or be relegated to later lines of treatment. This could result in the need to identify other combination therapies for our product candidates or our own products being removed from the market or being less successful commercially. Additionally, if the third- party providers of therapies or therapies in development used in combination with our product candidates are unable to produce sufficient quantities for clinical trials or for commercialization of our product candidates, or if the cost of combination therapies is prohibitive, our development and commercialization efforts would be impaired, which would have an adverse effect on our business, financial condition, results of operations and growth prospects **.We face risks related to pandemics,other health epidemics and outbreaks,which could significantly disrupt our operations and / or business,including our clinical trials.We face risks related to pandemics,other health epidemics and outbreaks,which could significantly disrupt our operations and / or business,including our clinical trials.For example,the COVID-** 19 pandemic ~~has had a broad~~ **broadly affected** ~~adverse impact on~~ the global economy across many industries and ~~has~~ resulted in significant government measures being implemented to control the spread of the virus,including quarantines,travel restrictions and business shutdowns,as well as significant volatility in global financial markets.Our business could be adversely impacted by the effects of **future pandemics,** ~~the~~ **other health** ~~COVID- 19 coronavirus outbreak,or by other~~ epidemics or outbreaks.For example,we have experienced **in the past** and may ~~continue to~~ experience **in the future** disruptions ~~due to COVID- 19~~ that could severely impact our business and clinical trials,including:• delays or difficulties in enrolling patients in our clinical trials;• delays or difficulties in clinical site initiation,including difficulties in recruiting clinical site investigators and clinical site staff;• diversion of healthcare resources away from the conduct of clinical trials,including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;• interruption of key clinical trial activities,such as clinical trial site monitoring,due to limitations on travel imposed or recommended by federal or state governments,employers and others;• limitations in employee resources that would otherwise be focused on the conduct of our clinical trials,including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people;• delays in receiving approval from local regulatory authorities and ethics committees to initiate our planned clinical trials;• delays in clinical sites receiving the supplies and materials needed to conduct our clinical trials;• interruption in global shipping that may affect the transport of clinical trial materials,such as investigational drug product used in our clinical trials;• changes in local regulations as part of a response to **a pandemic,** ~~the~~ **other health epidemic or** ~~COVID- 19 coronavirus~~ outbreak which may require us to change the ways in which our clinical trials are conducted,which may result in unexpected costs,or to discontinue the clinical trials altogether;• delays in necessary interactions with local regulators,ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees;and • refusal of the FDA to accept data from clinical trials whose conduct has been affected by **a pandemic,** ~~the~~ **other** ~~COVID- 19~~ **health epidemic or** outbreak,such as due to missing data.Further,we may be required to develop and implement additional clinical trial policies and procedures designed to help protect subjects from ~~the COVID- 19 virus or~~ any future **pandemic,other**

health epidemic or outbreak.For example, ~~in March 2020,the FDA issued guidance,which the FDA subsequently updated,on conducting clinical trials~~ during the COVID- 19 pandemic, ~~which describes~~ **FDA issued** a number of ~~considerations for sponsors of clinical trials impacted by the pandemic.The FDA has also published other~~ COVID- 19 ~~-~~related ~~industry guidance,including updates to previous~~ guidance documents ~~,regarding Good Manufacturing Practices,or~~ **for** ~~GMP,remote interactive evaluations of drug manufacturing~~ **manufacturers** and ~~bioresearch monitoring facilities~~ **clinical trial sponsors** , ~~and drug product manufacturing and supply chain inspections~~ **many of which have expired or were withdrawn with the termination of the COVID- 19 public health emergency declaration in May 2023** , ~~among others~~ **although some COVID- 19 related guidance documents continue in effect** .Additionally,certain of our research and development efforts are also conducted globally.For example,the povetacicept healthy volunteer study includes investigative sites in Australia,and our Synergy trial includes investigative sites in Korea and Poland.A health epidemic or other **infectious disease** outbreak ~~,including the current COVID- 19 outbreak,~~ may materially and adversely affect our business,financial condition and results of operations.Our supply chain for raw materials,drug substance or drug product is also worldwide and,accordingly,could be subject to disruption.There may be restrictions on the export or shipment of raw materials,drug substance or drug product that could materially delay our business or clinical trials.The extent to which **pandemics,** ~~the~~ **other** ~~COVID- 19 coronavirus or any other~~ health ~~epidemic~~ **epidemics ,** or ~~outbreak~~ **outbreaks** may impact our business and clinical trials will depend on future developments,which are highly uncertain and cannot be predicted with confidence.In addition, ~~COVID- 19,~~ another pandemic or epidemic,or other infectious diseases could disrupt the global financial markets,reducing our ability to access capital,which could negatively affect our liquidity. **The** ~~If a resurgence of COVID- 19,the~~ emergence of another pandemic or epidemic,or the emergence of other infectious diseases were to occur,the volatility of the financial market may be heightened,which could adversely impact the value of our common **stock** . Any inability to present our data in scientific journals or at scientific conferences could adversely impact our business and stock price. We may from time to time submit data related to our research and development activities in peer- reviewed scientific publications or apply to present data related to our research and development activities at scientific or other conferences. We have no control over whether these submissions or applications are accepted. Even if accepted for a conference, we have no control over whether presentations at scientific conferences will be accepted for oral presentation, poster presentation, or abstract publication only. Even when accepted for publication, we have no control over the timing of the release of the publication. Rejection by publications, delays in publication, rejection for presentation, or a less- preferred format for a presentation may adversely impact our stock price, ability to raise capital, and business. Our business may be affected by adverse scientific publications or editorial or discussant opinions. We may from time to time publish data related to our research and development activities in peer- reviewed scientific publications or present data related to our research and development activities at scientific or other conferences. Editorials or discussants unrelated to us may provide opinions on our presented data unfavorable to us. In addition, scientific publications or presentations may be made which are critical of our science or research or the field of immunotherapy in general. This may adversely affect our ability to raise necessary capital, complete clinical and preclinical studies, adequately manufacture drug product, obtain regulatory clearance for clinical trials, or approval for marketing, or interfere with our ability to market our product to patients and physicians or achieve reimbursement from payors. Risks Related to Our Relationships with Third Parties To date, our revenue has been primarily derived from our collaboration agreements, and our success will be dependent, in part, on our collaborators' efforts to develop our therapeutic candidates. Our success is dependent, in part, on our collaborators' efforts to develop our therapeutic candidates and, historically, our revenue has been primarily derived from our agreements with collaborators. For example, in June 2020, we entered into the AbbVie Agreement for the development of acazicolcept ~~and~~ , **which was amended in December 2023; and** in December 2021, we entered into the ~~Horizon~~ **Amgen** Agreement pursuant to which we granted to ~~Horizon~~ **Amgen** rights to ~~one of~~ our ~~existing~~ **Existing** ~~preclinical biologic therapeutic programs~~ - **Program** and we and ~~Horizon~~ **Amgen** agreed to collaborate in the discovery, research and preclinical development of up to three **Research** ~~additional autoimmune and inflammatory disease programs~~ **Programs** for other designated biological targets. **As of December 31, 2023, we have completed our activities under the Existing Program. We continue to support activities related to the First Research Program.** Pursuant to the terms of the AbbVie Agreement, we received an upfront payment of $ 60. 0 million in cash **. Prior** ~~and are eligible~~ to ~~receive~~ **the exercise of the License Option, AbbVie also agreed to make aggregate payments of** up to $ 75. 0 million in development milestones ~~(~~ **,** of which $ 45. 0 million was achieved in the second quarter of 2021 ~~)~~ , ~~an~~ **and** ~~additional~~ **the remaining** $ ~~75~~ **30. 0 million was removed under the AbbVie Amendment. Also under the AbbVie Amendment, we are eligible to receive $ 10** . 0 million if AbbVie exercises ~~its~~ **the License** ~~option~~ **Option** ~~with respect~~ **, and up** to **an aggregate** ~~acazicolcept following our completion~~ of **$ 491. 3 million for** certain ~~development activities, additional~~ development, commercial and sales- based milestones **,** ~~up to an aggregate of 655. 0 million~~ and royalties on any future net sales. Through December 31, ~~2022~~ **2023** , we have received $ 105. 0 million in upfront and pre- option exercise development milestones as part of the AbbVie Agreement. Pursuant to the AbbVie Agreement, **as amended by the AbbVie Amendment, we have stopped enrollment of our Phase 2 study of acazicolcept in SLE, the Synergy study, and, once the last patient enrolled in the Synergy study has completed the study protocol,** we will ~~conduct certain development activities under a development plan that provides for, among other things, the generation~~ **generate** ~~of~~ a data package in order for AbbVie to evaluate exercising its exclusive option, including all activities reasonably necessary to complete our ~~Phase 2~~ **obligations under the Synergy** study ~~of acazicolcept in SLE~~ . **There can be no assurance that** ~~Even if we successfully complete these activities,~~ AbbVie **will** ~~may not~~ exercise its option, which would make achievement of future milestones and receipt of future royalties unattainable. If AbbVie exercises its option, our realization of additional milestones and royalty payments will depend upon the efforts of AbbVie. If AbbVie fails to develop, obtain regulatory approval for, or ultimately commercialize acazicolcept or if AbbVie terminates the collaboration, our business, financial condition, results of operations, and prospects could be materially and adversely affected. For additional information regarding the AbbVie Agreement, please refer to the section of this report

titled " Business — ~~Competition~~ **Partnerships** . " Pursuant to the terms of the ~~Horizon~~ **Amgen** Agreement, we received an upfront payment of $ 25. 0 million as well as an equity investment for which they paid $ 15. 0 million. We are also eligible to receive milestone payments upon our achievement of certain preclinical, clinical and regulatory and commercialization milestones, up to an aggregate amount of $ 381. 0 million per program, or **a total of** approximately $ ~~1~~ **762** . ~~5~~ **0** ~~billion~~ **million** ~~in total~~ **for the remaining programs** , if all milestones are met, as well as royalties on future product sales. Pursuant to the ~~Horizon~~ **Amgen** Agreement, we will conduct certain research activities under a research program; however, even **though we have completed our activities under two programs under the Amgen Agreement, and even** if we successfully perform our obligations under the ~~Horizon~~ **remaining programs under the Amgen** Agreement, there is no certainty that ~~Horizon~~ **Amgen** will continue the development of any of the programs, or, if development is continued, if such programs will ultimately succeed and receive regulatory approval. ~~Horizon~~ **Amgen** will have discretion in determining and directing its efforts and resources for future development activities and, if approval is obtained, commercialization and marketing of the approved drug **. For example, Amgen declined to select one program by the respective option deadline and in January 2024 we received a termination notification from Amgen related to a completed fourth program** . As a result, there can be no assurances that we will achieve additional milestones pursuant to the ~~Horizon~~ **Amgen** Agreement. For additional information regarding the ~~Horizon~~ **Amgen** Agreement, please refer to the section of this report titled " Business — ~~Competition~~ **Partnerships** . " Our collaborations may also result in reduced royalty revenues if we are unable to obtain and maintain patent protection, as well as if we are unable to obtain patent term extension, for therapeutic candidates or products developed under our agreements with collaborators. In the event of expiration or invalidation of patents covering a therapeutic candidate or product, for example, our collaborators may be entitled to a significant decrease in royalty revenues owed to us under the agreements. Invalidation of patents and failure to obtain patent term extension for one or more patents in our portfolio may occur as a result of factors beyond our control due to the complex legal and factual questions surrounding pharmaceutical and biotechnology patents. If we are unable to obtain and maintain patent protection, or if we unable to obtain patent term extension for therapeutic candidates or products developed under our agreements with collaborators, our revenue derived from our collaborators may be less than the full amount anticipated, and our business, financial condition, results of operations, and growth prospects could be materially harmed. Continued advancement of our other product candidates and other development efforts depends, in part, upon the efforts of AbbVie, ~~Horizon~~ **Amgen** , **Adaptimmune** and ~~our~~ other ~~current or~~ future collaborators. If our collaborators do not dedicate sufficient resources to the development of product candidates that are the subject of our agreements, such product candidates may never be successful and we may be ineligible to receive additional milestone payments or royalties pursuant to the terms of our arrangements, which could have a material adverse impact on our financial results and operations. Even if we and our collaborators dedicate sufficient resources to our collaboration agreements, neither we nor our collaborators may be effective in obtaining approvals for any therapeutic candidates or, if approved, the successful commercialization of any approved products. Collaborators may change their strategic focus or pursue alternative technologies after entering into a collaboration agreement with us, which could result in reduced, delayed or no revenue to us. Disputes regarding collaboration agreements, including disputes pertaining to ownership of intellectual property, may also arise and if we and our collaborators are unable to resolve such disputes, litigation proceedings may occur, which could further delay development programs, create uncertainty as to ownership of intellectual property rights, distract management from other business activities and generate substantial expenses, any of which could materially and negatively impact our business. If third parties on which we depend to conduct our clinical or preclinical studies, or any future clinical trials, do not perform as expected, fail to satisfy regulatory or legal requirements, or miss expected deadlines, our development program could be delayed, which may result in materially adverse effects on our business, financial condition, results of operations, and prospects. We rely, in part, on third- party clinical investigators, CROs, clinical data management organizations, and consultants to design, conduct, supervise, and monitor clinical trials and preclinical studies of our therapeutic candidates and may do the same for future clinical trials. Because we rely on third parties to conduct preclinical studies or clinical trials, we have less control over the timing, quality, compliance, and other aspects of preclinical studies and clinical trials than we would if we conducted all preclinical studies and clinical trials on our own. These investigators, CROs, and consultants are not our employees and we have limited control over the amount of time and resources they dedicate to our programs. These third parties may have contractual relationships with other entities, some of which may be our competitors, which may draw their time and resources away from our programs. The third parties with which we contract might not be diligent, careful, compliant, or timely in conducting our preclinical studies or clinical trials, resulting in the preclinical studies or clinical trials being delayed or unsuccessful. Further, if any of our relationships with third- party CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. If we cannot contract with acceptable third parties on commercially reasonable terms, or at all, or if these third parties do not carry out their expected duties, satisfy legal and regulatory requirements for the conduct of preclinical studies or clinical trials, or meet expected deadlines, our clinical development programs could be delayed and otherwise adversely affected. In all events, we are responsible for ensuring each of our preclinical studies and clinical trials is conducted in accordance with the general investigational plan and protocols for the trial and with legal, regulatory and scientific standards. The FDA and certain foreign regulatory authorities, such as the EMA, require preclinical studies to be conducted in accordance with applicable ~~Good Laboratory Practices, or~~ GLPs ~~,~~ and clinical trials to be conducted in accordance with applicable FDA regulations and GCPs, including requirements for conducting, recording, and reporting the results of preclinical studies and clinical trials to assure data and reported results are credible and accurate and the rights, integrity, and confidentiality of clinical trial participants are protected. Our reliance on third parties we do not control does not relieve us of these responsibilities and requirements. If we or any of our CROs fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, the EMA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such

regulatory authority will determine that any of our clinical trials comply with GCP regulations. In addition, our clinical trials must be conducted with product produced under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process. Any such event could have a material adverse effect on our business, financial condition, results of operations, and prospects. In addition, switching or adding additional CROs involves additional cost and requires management time and focus. There is also a natural transition period when a new CRO commences work. As a result, delays may occur, which could materially impact our ability to meet our desired clinical development timelines. There can be no assurance that we will not encounter such challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects. Because we rely on third- party manufacturing and supply partners, our supply of clinical trial materials may become limited or interrupted or may not be of satisfactory quantity or quality, and our dependence on these third parties may impair the advancement of our research and development programs. We have established in- house recombinant protein generation capabilities for producing sufficient protein materials to enable a portion of our current preclinical studies. We rely on third- party supply and manufacturing partners to supply the materials, components, and manufacturing services for a portion of preclinical studies and also rely on such third parties for all our clinical trial drug supplies. We do not own manufacturing facilities or supply sources for such components and materials for clinical trial supplies and our current manufacturing facilities are insufficient to supply such components and materials for all of our preclinical studies. Certain raw materials necessary for the manufacture of our therapeutic products, such as cell lines, are available from a single or limited number of source suppliers on a purchase order basis. There can be no assurance our supply of research and development, preclinical study, and clinical trial drugs and other materials will not be limited, interrupted, restricted in certain geographic regions, of satisfactory quality or quantity, or continue to be available at acceptable prices. In particular, any replacement of our therapeutic substance manufacturer **for povetacicept or acazicolcept** could require significant effort and expertise and could result in significant delay of our preclinical or clinical activities because there may be a limited number of qualified replacements **. While we are actively working to onboard additional therapeutic substance manufacturers for our product candidates, this process can take many months and even if an additional manufacturer is identified and engaged, such manufacturers may fail to produce therapeutic substance that satisfies specifications for our clinical trials** . Even if we have sufficient quantities of drug product for planned or ongoing clinical trials, delays in trial initiation, patient enrollment or other extensions of trial timelines may result in the expiration of such drug product prior to its use in such trials and necessitate additional production runs and / or fill / finish work, which in turn could extend trial timelines. In addition, disruptions to ports and other shipping infrastructure, due ~~in part~~ **, for example,** to the impacts of **a** ~~the COVID- 19~~ pandemic, may result in shortages or delays impacting the availability of materials and other supplies, which could negatively impact our manufacturers, suppliers and other third parties on whom we rely. While we have not yet suffered any direct, material negative impacts from ~~these ongoing~~ supply chain disruptions, we cannot be certain that we will not be impacted, which could increase our costs or negatively impact our development timelines. The manufacturing process for a therapeutic candidate is subject to FDA and foreign regulatory authority review, and the facilities used by our contract manufacturers to manufacture our therapeutic candidates must be approved by the FDA pursuant to inspections that will be conducted after we submit our marketing application (s) to the FDA. Suppliers and manufacturers must meet applicable manufacturing requirements and undergo rigorous facility and process validation tests required by regulatory authorities in order to comply with cGMP regulations or other regulatory standards. In the event any of our suppliers or manufacturers fails to comply with such requirements or to perform its obligations to us in relation to quality, timing, or otherwise, or if our supply of components or other materials becomes limited or interrupted for other reasons, we may experience shortages resulting in delayed shipments, supply constraints, and / or stock- outs of our products, be forced to manufacture the materials alone, for which we currently do not have the capabilities or resources, or enter into an agreement with another third party, which we may not be able to do on reasonable terms, if at all **. We may also become involved in disputes with our suppliers and manufacturers as a result of any inability on their part to comply with our manufacturing requirements** . In some cases, the technical skills or technology required to manufacture our therapeutic candidates may be unique or proprietary to the original manufacturer and we may have difficulty, or there may be contractual and intellectual property restrictions prohibiting us from, transferring such skills or technology to another third party and a feasible alternative may not exist. These factors may increase our reliance on such manufacturer or require us to obtain a license from such manufacturer in order to have another third party manufacture our therapeutic candidates. If we are required to change manufacturers for any reason, we will be required to verify the new manufacturer maintains facilities and procedures complying with quality standards and with all applicable regulations. The delays associated with the verification of a new manufacturer could negatively affect our ability to develop therapeutic candidates in a timely manner, within budget, or at all. We expect to continue to rely on third- party manufacturers if we receive regulatory approval for any therapeutic candidate. To the extent we have existing, or enter into future, manufacturing arrangements with third parties, we will depend on these third parties to perform their obligations in a timely manner consistent with contractual and regulatory requirements, including those related to quality control and assurance. If we are unable to obtain or maintain third- party manufacturing for therapeutic candidates, or to do so on commercially reasonable terms, we may not be able to develop and commercialize our therapeutic candidates successfully. Our, or a third party' s, failure to execute on our manufacturing requirements could adversely affect our business in a number of ways, including as a result of: • an inability to initiate or continue preclinical studies or clinical trials of therapeutic candidates under development; • delay in submitting regulatory applications, or receiving regulatory approvals, for therapeutic candidates; • the loss of the cooperation of a collaborator; • subjecting manufacturing facilities of our therapeutic candidates to additional inspections by regulatory authorities; • requirements to cease distribution or to recall batches of our therapeutic candidates; and • in the event of approval to market and commercialize a therapeutic candidate, an inability to meet commercial demands for our products. As product candidates progress from preclinical studies to late- stage clinical trials to marketing

approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods, materials and processes, are altered along the way in an effort to optimize yield, manufacturing batch size, minimize costs and achieve consistent purity, identity, potency, quality and results. Such changes carry the risk that they will not achieve these intended objectives. Any of these changes could cause our product candidates to perform differently and could affect planned or other clinical trials conducted with product candidates produced using the modified manufacturing methods, materials, and processes. This could delay completion of clinical trials and could require non- clinical or clinical bridging and comparability studies, which could increase costs, delay approval of our product candidates and jeopardize our ability to commercialize our product candidates, if approved. We may not successfully engage in strategic transactions, including any additional collaborations we seek, which could adversely affect our ability to develop and commercialize therapeutic candidates, impact our cash position, increase our expenses, and present significant distractions to our management. From time to time, we consider strategic transactions, such as collaborations, acquisitions of companies, asset purchases or divestitures, and out- or in-licensing of therapeutic candidates or technologies. In particular, we intend to evaluate and, if strategically attractive, seek to enter into additional collaborations, including with major biotechnology or pharmaceutical companies. The competition for collaborative partners is intense, and the negotiation process is time- consuming and complex. Any new collaboration may be on suboptimal terms for us, and ultimately may not maximize value for our stockholders. In addition, we may be unable to maintain any new or existing collaboration if, for example, development or approval of a therapeutic candidate is delayed, sales of an approved therapeutic product do not meet expectations, or the collaborator terminates the collaboration. Any such collaboration, or other strategic transaction, may require us to incur non- recurring or other charges, increase our near- and long-term expenditures and pose significant integration or implementation challenges or disrupt our management or business. These transactions would entail numerous operational and financial risks, including: • exposure to unknown liabilities; • disruption of our business and diversion of our management' s time and attention in order to manage a collaboration or develop acquired therapeutic candidates, or technologies; • incurrence of substantial debt or dilutive issuances of equity securities to pay transaction consideration or costs; • higher than expected collaboration, acquisition, or integration costs; • write- downs of assets, or incurring impairment charges or increased amortization expenses; and • difficulty and cost in facilitating the collaboration or combining the operations and personnel of any acquired business or impairment of relationships with key suppliers, manufacturers, or customers of any acquired business due to changes in management and ownership and the inability to retain key employees of any acquired business. Accordingly, although there can be no assurance we will undertake or successfully complete any transactions of the nature described above, any transactions we do complete may be subject to the foregoing or other risks and have a material adverse effect on our business, results of operations, financial condition, and prospects. Conversely, any failure to enter any collaboration or other strategic transaction beneficial to us could delay the development and potential commercialization of our therapeutic candidates and have a negative impact on the competitiveness of any therapeutic candidate reaching market. Risks Related to Our Ability to Commercialize Product Candidates If any of our therapeutic candidates are approved for marketing and commercialization and we are unable to develop sales, marketing and distribution capabilities on our own or enter into agreements with third parties to perform these functions on acceptable terms, we may be unable to successfully commercialize any such future products. We currently have no sales, marketing, or distribution capabilities or experience. If any of our therapeutic candidates are approved, we will need to develop internal sales, marketing, and distribution capabilities to commercialize such products, which may be expensive and time- consuming, or enter into collaborations with third parties to perform these services. If we decide to market our products directly, we will need to commit significant financial, legal, and managerial resources to develop a marketing and sales force with technical expertise and supporting distribution, administration, and compliance capabilities. If we rely on third parties with such capabilities to market our approved products, or decide to co- promote products with collaborators, we will need to establish and maintain marketing and distribution arrangements with third parties, and there can be no assurance we will be able to enter into such arrangements on acceptable, compliant terms or at all. In entering into third- party marketing or distribution arrangements, any revenue we receive will depend upon the efforts of the third parties and there can be no assurance such third parties will establish adequate sales and distribution capabilities or be successful in gaining market acceptance of any approved therapeutic. If we are not successful in commercializing any therapeutic approved in the future, either on our own or through third parties, our business, financial condition, results of operations, and prospects could be materially and adversely affected. If we fail to comply with U. S. and foreign regulatory requirements, regulatory authorities could limit or withdraw any marketing or commercialization approvals we may receive and subject us to other penalties that could materially harm our business. Our company, our therapeutic candidates, our suppliers, and our contract manufacturers, distributors, and contract testing laboratories are subject to extensive regulation by governmental authorities in the European Union, the United States, and other ~~countries~~ **jurisdictions**, with regulations differing from country to country. Even if we receive marketing and commercialization approval of a therapeutic candidate, we and our third- party service providers will be subject to continuing regulatory requirements, including a broad array of regulations related to establishment registration and product listing, manufacturing processes, risk management measures, quality and pharmacovigilance systems, post- approval clinical studies, labeling and packaging, advertising and promotional activities, record keeping, distribution, adverse event reporting, import and export of pharmaceutical products, pricing, sales, and marketing, and fraud and abuse requirements. Furthermore, the FDA strictly regulates manufacturers' promotional claims of drug products. In particular, a drug product may not be promoted by manufacturers for uses that are not approved by the FDA, as reflected in the FDA- approved labeling, although healthcare professionals are permitted to use drug products for off- label uses. The FDA, the Department of Justice, the Inspector General of the Department of Health and Human Services, among other government agencies, actively enforce the laws and regulations prohibiting manufacturers' promotion of off- label uses, and a company that is found to have improperly promoted off- label uses may be subject to significant liability, including large civil and criminal fines, penalties, and enforcement actions. The FDA has also imposed consent decrees or

permanent injunctions under which specified promotional conduct is changed or curtailed for companies that engaged in such prohibited activities. If we cannot successfully manage the promotion of our approved product candidates, we could become subject to significant liability, which would materially adversely affect our business and financial condition. We are required to submit safety and other post market information and reports, and are subject to continuing regulatory review, including in relation to adverse patient experiences with the product and clinical results reported after a product is made commercially available, both in the United States and in any foreign jurisdiction in which we seek regulatory approval. The FDA and certain foreign regulatory authorities, such as the EMA, have significant post- market authority, including the authority to require labeling changes based on new safety information and to require post- market studies or clinical trials to evaluate safety risks related to the use of a product or to require withdrawal of the product from the market. The FDA also has the authority to require a REMS plan either before or after approval, which may impose further requirements or restrictions on the distribution or use of an approved therapeutic. The EMA now routinely requires risk management plans, or RMPs, as part of the marketing authorization application process, and such plans must be continually modified and updated throughout the lifetime of the product as new information becomes available. In addition, the relevant governmental authority of any EU member state can request an RMP whenever there is a concern about the risk / benefit balance of the product. The manufacturers and manufacturing facilities we use to make a future product, if any, will also be subject to periodic review and inspection by the FDA and other regulatory agencies, including for continued compliance with cGMP requirements. The discovery of any new or previously unknown problems with our third- party manufacturers, manufacturing processes or facilities may result in restrictions on the product, manufacturers or facilities, including withdrawal of the product from the market. If we rely on third-party manufacturers, we will have limited control over compliance with applicable rules and regulations by such manufacturers. If we or our collaborators, manufacturers, or service providers fail to comply with applicable continuing regulatory requirements in the U. S. or foreign jurisdictions in which we seek to market our products, we may be subject to, among other things, fines, warning and untitled letters, clinical holds, a requirement to conduct additional clinical trials, delay or refusal by the FDA or foreign regulatory authorities to approve pending applications or supplements to approved applications, suspension, refusal to renew or withdrawal of regulatory approval, product recalls, seizures, or administrative detention of products, refusal to permit the import or export of products, operating restrictions, inability to participate in government programs including Medicare and Medicaid, and total or partial suspension of production or distribution, injunction, restitution, disgorgement, debarment, civil penalties, and criminal prosecution **. In addition, the FDA and other regulatory authorities may change their policies, issue additional regulations or revise existing regulations, or take other actions, which may prevent or delay approval of our future products under development on a timely basis. Such policy or regulatory changes could impose additional requirements upon us that could delay our ability to obtain approvals, increase the costs of compliance or restrict our ability to maintain any marketing authorizations we may have obtained. Additionally, if the U. S. Supreme Court reverses or curtails the Chevron doctrine, which provides for judicial deference to regulatory agencies' interpretation of federal statutes, more companies may bring lawsuits against the FDA to challenge longstanding decisions and policies of the FDA, which could undermine the FDA' s authority, lead to uncertainties in the industry, and disrupt the FDA' s normal operations, which could delay the FDA' s review of our marketing applications** . Imposed price controls may adversely affect our future profitability. In most countries, the pricing of prescription drugs is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after receipt of marketing approval for a product. In addition, there can be considerable pressure by governments and other stakeholders on prices and reimbursement levels, including as part of cost containment measures. Political, economic, and regulatory developments may further complicate pricing and reimbursement negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various EU member states and parallel distribution, or arbitrage between low- priced and high- priced member states, can further reduce prices. In some countries, we or our collaborators may be required to conduct a clinical trial or other studies comparing the cost- effectiveness of our therapeutic candidates to other available therapies in order to obtain or maintain reimbursement or pricing approval. Publication of discounts by third- party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If reimbursement of any product candidate approved for marketing is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business, financial condition, results of operations, or prospects could be adversely affected. Our business may become subject to economic, political, regulatory and other risks associated with international operations. Our business is subject to risks associated with conducting business internationally, including our use of foreign clinical trial sites. Some of our suppliers, collaborators and clinical trial relationships are located outside the United States. Accordingly, our future results could be harmed by a variety of factors, including: • economic instability or weakness, including inflation, reduced growth, diminished credit availability, weakened consumer confidence or increased unemployment; • sociopolitical instability in particular foreign economies and markets; • difficulties in compliance with non- U. S. laws and regulations; • changes in non- U. S. regulations and customs, tariffs and trade barriers, including any changes that China may impose as a result of political tensions between the United States and China; • changes in non- U. S. currency exchange rates and currency controls; • trade protection measures, import or export licensing requirements or other restrictive actions by U. S. or non- U. S. governments; • workforce uncertainty in countries where labor unrest is more common than in the United States; • production shortages resulting from any events affecting raw material supply or manufacturing capabilities outside the United States; • ongoing ramifications of the United Kingdom' s withdrawal from the European Union; • business interruptions resulting directly or indirectly from geopolitical actions, including **current wars in Israel and in** the ~~Russia-~~Ukraine ~~conflict~~ , other regional conflicts, war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires; and • changes in regulatory requirements and policies that apply to our business, including changes in the regulatory approval process, clinical trial requirements, data standards, and export regulations and controls **. In particular, there is currently significant uncertainty**

about the future relationship between the United States and various other countries, most significantly China, with respect to trade policies, treaties, tariffs, taxes, and other limitations on cross- border operations. The U. S. government has made and continues to make significant additional changes in U. S. trade policy and may continue to take future actions that could negatively impact U. S. trade. For example, legislation has been introduced in Congress to limit certain U. S. biotechnology companies from using equipment or services produced or provided by select Chinese biotechnology companies, and others in Congress have advocated for the use of existing executive branch authorities to limit those Chinese service providers' ability to engage in business in the U. S. We cannot predict what actions may ultimately be taken with respect to trade relations between the United States and China or other countries, what products and services may be subject to such actions or what actions may be taken by the other countries in retaliation. If we are unable to obtain or use services from existing service providers or become unable to export or sell our products to any of our customers or service providers, our business, liquidity, financial condition, and / or results of operations would be materially and adversely affected . Risks Related to Our Personnel and Operations We will need to raise substantial additional funds to advance development of our therapeutic candidates, and we cannot guarantee we will have sufficient funds available in the future to develop and commercialize our current or future therapeutic candidates. We will need to raise substantial additional funds to expand our development, regulatory, manufacturing, marketing, and sales capabilities or contract with other organizations to provide these capabilities to us. We have used substantial funds to develop our therapeutic candidates and will require significant funds to conduct further research and development, preclinical testing, and clinical trials of our therapeutic candidates, to seek regulatory approvals for our therapeutic candidates, and to manufacture and market products, if any are approved for commercial sale. **We have historically dedicated a significant portion of our resources to research and development, and we expect such expenses to continue to increase as we pursue the clinical development of povetacicept. Our research and development expenses could increase significantly in future periods, especially if we initiate a potential pivotal trial of povetacicept in IgAN and a phase 2 study in SLE in the second half of 2024 (subject to engagement with and approval from the FDA).** As of December 31, ~~2022~~ **2023** , we had $ ~~273~~ **368** . ~~4~~ **2** million in cash and cash equivalents, restricted cash, and investments ~~.~~ **,** Based on our current operating plan, we believe our available cash and cash equivalents and investments will be sufficient to fund our planned level of operations, including anticipated capital expenditures, for at least the next 12 months. Our future capital requirements and the period for which we expect our existing resources to support our operations may vary significantly from what we expect. Our monthly spending levels vary based on new and ongoing development and corporate activities. Because the length of time and activities associated with successful development of our therapeutic candidates are highly uncertain, we are unable to estimate the actual funds we will require for development and any approved marketing and commercialization activities **, or the rate at which we will require such funds. We may expend our capital resources faster than we anticipate** . To execute our business plan, we will need, among other things: • to obtain the human and financial resources necessary to develop, test, obtain regulatory approval for, manufacture, and market our therapeutic candidates; • to build and maintain a strong intellectual property portfolio and avoid infringing intellectual property of third parties; • to establish and maintain successful licenses, collaborations, and alliances; • to satisfy the requirements of clinical trial protocols, including patient enrollment; • to establish and demonstrate the clinical efficacy and safety of our therapeutic candidates; • to obtain regulatory approvals; • to manage our spending as costs and expenses increase due to preclinical studies, clinical trials, regulatory approvals, manufacturing scale- up, and commercialization; • to obtain additional capital to support and expand our operations; and • to market our products to achieve acceptance and use by the medical community in general. If we are unable to obtain necessary funding on a timely basis or on acceptable terms, we may have to delay, reduce, or terminate our research and development programs, preclinical studies, or clinical trials, if any, limit strategic opportunities, or undergo reductions in our workforce or other corporate restructuring activities. We also could be required to seek funds through arrangements with collaborators or others requiring us to relinquish rights to some of our technologies or therapeutic candidates we would otherwise pursue on our own. We do not expect to realize revenue from product sales, or royalties in the foreseeable future, if at all. Our revenue sources are, and will remain, extremely limited unless and until our therapeutic candidates are clinically tested, approved for commercialization, and successfully marketed. To date, we have financed our operations primarily through the sale of equity securities, debt, and payments received under our collaboration agreements. We will be required to seek additional funding in the future and **may** ~~intend to~~ do so through a combination of public or private equity offerings, debt financings, credit and loan facilities, research collaborations, and license agreements **, including pursuant to our Sales Agreement with Cowen and Company LLC, or TD Cowen, for the sale of our common stock, from time to time, through an " at- the- market " equity offering for up to $ 100. 0 million in aggregate gross proceeds. As of December 31, 2023, we have sold 919, 413 shares of common stock under the Sales Agreement for a price of $ 10. 93 per share and have received gross proceeds of $ 10. 0 million** . Our ability to raise additional funds from these or other sources will depend on financial, economic, and other factors, many of which are beyond our control. Additional funds may not be available to us on acceptable terms or at all. If we raise additional funds by issuing equity securities, our stockholders will suffer dilution, and the terms of any financing may adversely affect the rights of our stockholders ~~. For example, in September 2021, we issued in a private placement 6, 489, 357 shares of common stock and prefunded warrants to purchase an additional 3, 191, 487 shares of common stock for gross proceeds of approximately $ 91. 0 million. In December 2021, in connection with the Horizon Agreement, we sold 951, 980 shares of our common stock to Horizon for which they paid $ 15. 0 million. In September 2022, we sold an aggregate of 15, 509, 282 shares of common stock in an underwritten public offering, including the partial exercise of the underwriters' over- allotment option in October 2022, pursuant to our effective shelf registration statement on Form S- 3 (File No. 333- 256107). We received resulting net proceeds of $ 106. 7 million after deducting underwriting discounts, commissions and offering costs. From time to time, we also have entered into " at the market " equity offering arrangements that enable us to sell shares of our common stock from time to time through an " at the market "~~

~~equity offering. In September 2022, we terminated our " at the market " equity offering arrangement with Cowen and Company, LLC in connection with our September 2022 underwritten offering, but we may in the future implement similar " at the market " equity offering arrangements~~ . In addition, as a condition to providing additional funds to us, future investors may demand, and may be granted, rights superior to those of existing stockholders. Debt financing, if available, may involve restrictive covenants limiting our flexibility in conducting future business activities, and, in the event of a liquidation or insolvency, debt holders would be repaid before holders of equity securities receive any distribution of corporate assets. Our failure to raise capital or enter into such other arrangements within a reasonable timeframe would have a negative impact on our financial condition, and we may have to delay, reduce, or terminate our research and development programs, preclinical or clinical trials, or undergo reductions in our workforce or other corporate restructuring activities. We are an early stage biopharmaceutical company with a history of losses, we expect to continue to incur significant losses for the foreseeable future, we may never achieve or maintain profitability, and we have a limited operating history that may make it difficult for investors to evaluate the potential success of our business. We are a clinical- stage ~~immunotherapy~~ **biopharmaceutical** company, with a limited operating history, focused on developing treatments for autoimmune and inflammatory diseases. Since inception, we have devoted our resources to developing novel protein- based immunotherapies primarily using our proprietary directed evolution platform, which converts native immune system proteins into potential differentiated, multi- targeted therapeutics designed to modulate the immune system. We have had significant operating losses since inception. For the year ended December 31, ~~2022~~ **2023** , our net loss was $ ~~57~~ **32** . ~~8~~ **2** million. Substantially all of our losses have resulted from expenses incurred in connection with our research programs and from general and administrative costs associated with our operations. In addition, inflationary pressure could adversely impact our financial results. Our operating costs have increased, and may continue to increase, due to the continued inflationary environment. Our technologies and therapeutic candidates are in early stages of development, and we are subject to the risks of failure inherent in the development of therapeutic candidates based on novel technologies. We have historically generated revenue primarily from the receipt of research funding and upfront and other payments under our collaboration agreements. We have not generated, and do not expect to generate, any revenue from product sales for the foreseeable future, and we expect to continue to incur significant operating losses for the foreseeable future due to the cost of research and development, preclinical studies, clinical trials, and the regulatory approval process for therapeutic candidates. The amount of future losses is uncertain. Our ability to achieve profitability, if ever, will depend on, among other things, our or our existing collaborators, or any future collaborators, successfully developing therapeutic candidates, obtaining regulatory approvals to market and commercialize therapeutic candidates, manufacturing any approved products on commercially reasonable terms, establishing a sales and marketing organization or suitable third- party alternatives for any approved product, and raising sufficient funds to finance business activities. If we or our existing collaborators, or any future collaborators, are unable to develop and commercialize one or more of our therapeutic candidates or if sales revenue from any therapeutic candidate receiving approval is insufficient, we will not achieve profitability, which could have a material adverse effect on our business, financial condition, results of operations, and prospects. Interim, preliminary, or topline data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data. From time to time, we may publish interim, preliminary or topline data from clinical trials. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Interim or preliminary data from clinical trials that we may conduct may not be indicative of the final results of the trial and are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data becomes available. Interim or preliminary data also remains subject to audit and verification procedures that may result in the final data being materially different from the interim or preliminary data. As a result, interim or preliminary data should be viewed with caution until the final data are available. Adverse differences between interim, preliminary or topline data and final data could significantly harm our reputation and business prospects. We do not know whether any clinical trials we may conduct will demonstrate consistent or adequate efficacy and safety sufficient to obtain marketing approval to market our product candidates **. For example, in November 2023, we released initial clinical data from our RUBY- 3 clinical trial of povetacicept in adult patients with autoimmune glomerulonephritis. Even though the initial clinical data from our RUBY- 3 clinical trial were positive, there can be no assurance that our ongoing povetacicept program will demonstrate adequate efficacy and safety results and that we will be able to obtain regulatory approval of povetacicept** . Moreover, preliminary, interim and topline data are subject to the risk that one or more of the clinical outcomes may materially change as more patient data become available when patients mature on study, patient enrollment continues or as other ongoing or future clinical trials with a product candidate further develop. Past results of clinical trials may not be predictive of future results. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically more extensive information, and you or others may not agree with what we determine is the material or otherwise appropriate information to include in our disclosure. Any information we determine not to disclose may ultimately be deemed significant with respect to future decisions, conclusions, views, activities or otherwise regarding a particular product candidate or our business. Similarly, even if we are able to complete our planned and ongoing preclinical studies and clinical trials of our product candidates according to our current development timeline, the positive results from such preclinical studies and clinical trials of our product candidates may not be replicated in subsequent preclinical studies or clinical trial results. Moreover, preclinical, nonclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials nonetheless failed to obtain FDA or other regulatory approval. Any inability to attract and retain qualified key management and technical personnel would impair our ability to implement our business plan. Our success largely depends on the continued service of key management and other specialized personnel, including Mitchell H. Gold, M. D., our Executive Chairman and

Chief Executive Officer, Stanford Peng, M. D., Ph. D., our President and Head of Research and Development, ~~and~~ Paul Rickey, our Senior Vice President and Chief Financial **Officer, and Remy Durand, Ph. D., our Chief Business** Officer. The loss of one or more members of our management team or other key employees or advisors could delay our research and development programs and materially harm our business, financial condition, results of operations, and prospects. The relationships our key managers have cultivated within our industry make us particularly dependent upon their continued employment with us. We are dependent on the continued service of our technical personnel because of the highly technical nature of our therapeutic candidates and technologies, and the specialized nature of the regulatory approval process. Because our management team and key employees are not obligated to provide us with continued service, they could terminate their employment with us at any time without penalty. We do not maintain key person life insurance policies on any of our management team members or key employees. Our future success will depend in large part on our continued ability to attract and retain other highly qualified scientific, technical, and management personnel, as well as personnel with expertise in clinical testing, manufacturing, governmental regulation, and commercialization. We face competition for personnel from other companies, universities, public and private research institutions, government entities, and other organizations, including significant competition in the Seattle employment market. As our therapeutic candidates advance into clinical trials, we may experience difficulties in managing our growth and expanding our operations. We have limited experience in therapeutic development and very limited experience with clinical trials of therapeutic candidates. As our therapeutic candidates enter and advance through preclinical studies and clinical trials, we will need to expand our development, regulatory, and manufacturing capabilities or contract with other organizations to provide these capabilities for us. For example, as we continue ~~enrollment in our Phase 2 study in SLE and continue~~ with the development of our ~~other~~ product candidates **, including povetacicept** , we will need to hire additional personnel in clinical operations. We also must manage relationships with collaborators or partners, suppliers, and other organizations. Our ability to manage our operations and future growth will require us to continue to improve our operational, financial, and management controls, reporting systems, and procedures. We may not be able to implement improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls. Our business entails a significant risk of product liability and our inability to obtain sufficient insurance coverage could harm our business, financial condition, results of operations, or prospects. Our business exposes us to significant product liability risks inherent in the development, testing, manufacturing, and marketing of therapeutic treatments. Product liability claims could delay or prevent completion of our development programs. If we succeed in marketing products, such claims could result in an investigation by certain regulatory authorities, such as FDA or foreign regulatory authorities, of the safety and effectiveness of our products, our manufacturing processes and facilities, or our marketing programs and potentially a recall of our products or more serious enforcement action, limitations on the approved indications for which they may be used, or suspension or withdrawal of approvals. Regardless of the merits or eventual outcome, liability claims may also result in decreased demand for our products, injury to our reputation, costs to defend the related litigation, a diversion of management' s time and our resources, substantial monetary awards to trial participants or patients, and a decline in our valuation. We currently have product liability insurance we believe is appropriate for our stage of development and may need to obtain higher levels of product liability insurance prior to marketing any therapeutic candidates. Any insurance we have or may obtain may not provide sufficient coverage against potential liabilities. Furthermore, clinical trial and product liability insurance is becoming increasingly expensive. As a result, we may be unable to obtain sufficient insurance at a reasonable cost to protect us against losses caused by product liability claims with a potentially material adverse effect on our business. Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have a material adverse effect on our business. We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include, but is not limited to: • intentional failures to comply with FDA or U. S. health care laws and regulations, or applicable laws, regulations, guidance, or codes of conduct set by foreign governmental authorities or self- regulatory industry organizations; • a provision of inaccurate information to any governmental authorities such as FDA; • noncompliance with manufacturing standards we may establish; • noncompliance with federal and state healthcare fraud and abuse laws and regulations; • noncompliance with the U. S. Foreign Corrupt Practices Act ~~(~~ **, or** the FCPA ~~),~~ and similar anti- bribery or anti- corruption laws, regulations or rules of other countries in which we operate; and • a failure to report financial information or data accurately or a failure to disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws, regulations, guidance and codes of conduct intended to prevent fraud, kickbacks, self- dealing and other abusive practices. These laws, regulations, guidance statements, and codes of conduct may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive program, health care professional, and other business arrangements. As our business is heavily regulated, it involves significant interaction with government officials, including potentially officials of non- U. S. governments. Additionally, in many countries, healthcare providers are employed by the government, and the purchasers of biopharmaceuticals are government entities. As a result, our dealings with are subject to regulation and such healthcare providers and employees of such purchasers may be considered " foreign officials " as defined in the FCPA. Recently, the Securities and Exchange Commission, or **the** SEC, and Department of Justice have increased their FCPA enforcement activities with respect to biotechnology companies. We also may be subject to U. S. and foreign export controls, trade sanctions and import laws and regulations and if we fail to comply with these laws and regulations, we may face significant penalties, finds and / or denial of certain export privileges. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions, including debarment or disqualification of those employees from participation in FDA regulated activities and serious harm to our reputation. This could include violations of provisions of ~~the U. S. federal Health Insurance Portability and Accountability Act, or~~ HIPAA, as amended by ~~the Health Information Technology for Economic and Clinical Health Act, or~~ HITECH, other U. S. federal and state law, and requirements of non- U. S. jurisdictions, including the European Union

General Data Protection Regulation. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws, regulations, guidance or codes of conduct. Furthermore, we may be held liable under the FCPA and similar laws in other jurisdictions for the corrupt or other illegal activities of our employees, our third- party business partners, representatives and agents, even if we do not explicitly authorize such activities. If any such governmental investigations or other actions or lawsuits are instituted against us, and we are not successful in defending such actions or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines, exclusion from government programs, or other sanctions. Our business involves the use of hazardous materials and we and our third- party manufacturers must comply with environmental laws and regulations, which may be expensive and restrict how we conduct business. Our third- party manufacturers' activities and our own activities involve the controlled storage, use and disposal of hazardous and flammable materials, including the components of our pharmaceutical product candidates, test samples and reagents, biological materials and other hazardous compounds. We and our manufacturers are subject to federal, state, local, and foreign laws and regulations governing the use, generation, manufacture, storage, handling, and disposal of these hazardous materials. Although we believe our safety procedures for handling and disposing of these materials and waste products comply with the standards prescribed by these laws and regulations, we cannot eliminate the risk of accidental injury or contamination from the use, storage, handling, or disposal of hazardous materials. In the event of an accident, state, or federal or other applicable authorities may curtail our use of these materials and / or interrupt our business operations. In addition, if an accident or environmental discharge occurs, or if we discover contamination caused by prior operations, including by prior owners and operators of properties we acquire, we could be liable for cleanup obligations, damages, and fines. If such unexpected costs are substantial, this could significantly harm our financial condition and results of operations. Compliance with governmental regulations regarding the treatment of animals used in research could increase our operating costs, which would adversely affect the commercialization of our technology. The Animal Welfare Act, or AWA, **governs** ~~is the federal law covering~~ the treatment of certain animals used in research. Currently, the AWA imposes a wide variety of specific regulations governing the humane handling, care, treatment, and transportation of certain animals by producers and users of research animals, most notably relating to personnel, facilities, sanitation, cage size and feeding, watering, and shipping conditions. Third parties with whom we contract are subject to registration, inspections, and reporting requirements under the AWA. Furthermore, some states have their own regulations, including general anti- cruelty legislation, which establish certain standards in handling animals. Comparable rules, regulations, and or obligations exist in many foreign jurisdictions. If we or our contractors fail to comply with regulations concerning the treatment of animals used in research, we may be subject to fines and penalties and adverse publicity, and our operations could be adversely affected. Our current operations are concentrated in one location and any events affecting this location may have material adverse consequences. Our current operations are **primarily** ~~located in facilities~~ situated in Seattle, Washington. Any unplanned event, such as flood, fire, explosion, earthquake, extreme weather condition, medical epidemics, power shortage, power outage, telecommunication failure, or other natural or man- made accidents or incidents resulting in our company being unable to fully utilize the facilities, may have a material adverse effect on our ability to operate our business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. Loss of access to these facilities may result in increased costs, delays in the development of our therapeutic candidates, or interruption of our business operations. As part of our risk management policy, we maintain insurance coverage at levels we believe are appropriate for our business. However, in the event of an accident or incident at these facilities, we cannot assure you the amounts of insurance will be sufficient to satisfy any damages and losses or that the insurance covers all risks. If our facilities are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our research and development programs may be harmed. Any business interruption may have a material adverse effect on our business, financial position, results of operations, and prospects. Our business may be affected by litigation and government investigations. From time to time, we receive inquiries and other types of information requests from government authorities as well as correspondence from other third parties regarding various disputes and allegations. **For example, we have received letters from Vera Therapeutics, Inc., which is developing a therapeutic candidate, atacicept, in the IgAN space competitive with povetacicept, alleging, among other things, that we made false statements related to atacicept. We believe we have a reasonable basis for our past statements. The letter also alleges potential patent infringement relating to our creation of Vera' s patented molecule for the purpose of generating comparison studies. We believe our activities fall within a statutory safe harbor. It is possible that Vera will commence litigation, which could materially and adversely impact our business.** We cannot predict whether any such inquiries or correspondence may ultimately subject us to claims and other actions related to our business activities. While the ultimate outcome of investigations, inquiries, information requests, disputes, and legal proceedings is difficult to predict, responding to such investigations, inquiries and information requests or defending such claims can be expensive, time-consuming and distracting, and adverse resolutions or settlements of those matters may result in, among other things, modification of our business practices, costs, and significant payments, any of which could have a material adverse effect on our business, financial condition, results of operations, and prospects. Risks Related to Our Financial Position and Capital Needs The investment of our cash and cash equivalents in fixed income and other **investments** ~~marketable securities~~ is subject to risks which may cause losses and affect the liquidity of these investments. As of December 31, ~~2022~~ **2023** , we had $ ~~273~~ **368** . ~~4~~ **2** million in cash and cash equivalents, restricted cash, and investments; our investments primarily include ~~funds invested in~~ highly liquid funds with a contractual maturity of each security of less than two years. We expect to continue to invest our excess cash in fixed income and other **investments** ~~marketable securities~~ . These investments are subject to general credit, liquidity, market and interest rate risks. We may realize losses in the fair value of these investments, an inability to access cash in these investments for a potentially meaningful period, or a complete loss of these investments, which would have a negative effect on

our financial statements. Adverse events or perceptions affecting the financial services industry could adversely affect our operating results, financial condition and prospects. Limited liquidity, defaults, non- performance or other adverse developments affecting financial institutions or parties with which we do business, or perceptions regarding these or similar risks, have in the past and may in the future lead to market- wide liquidity problems. For example, ~~on~~ **in** March ~~10,~~ 2023, Silicon Valley Bank, or SVB, was closed and placed in receivership and, subsequently, additional financial institutions have been placed into receivership. We have a banking relationship with SVB and **, prior to paying off the remaining balance outstanding in May 2023, were** also ~~are~~ party to an Amended and Restated Loan and Security Agreement with SVB. While we do not believe our exposure to a potential loss of cash, cash equivalents and investments as a result of SVB' s receivership was material compared to our total cash, cash equivalents and investments, we faced: • delayed access to deposits or other financial assets, and potential uninsured loss of deposits or other financial assets; • the inability to access, roll over or extend the maturity of, or enter into new credit facilities or raise other working capital resources; • potential breach of obligations, including U. S. federal and state wage laws and contracts that require us to maintain letters of credit or other credit support arrangements; and • termination of cash management arrangements or delays in accessing funds subject to cash management arrangements. As a result of the U. S. government intervention, we subsequently regained access to our accounts, including the uninsured portion of our deposit accounts. However, there is no guarantee that the U. S. government will intervene to provide access to uninsured funds in the future in the event of the failure of other financial institutions, or that they would do so in a timely fashion. In such an event, we and our counterparties to commercial agreements may be unable to satisfy our respective obligations or enter into new commercial arrangements and may face liquidity issues. Concerns regarding the U. S. or international financial systems could impact the availability and cost of financing, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any of these risks could materially impact our results of operations, liquidity, financial condition and prospects. Our business may be materially affected by changes to fiscal and tax policies. Negative or unexpected tax consequences could adversely affect our results of operations. New tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could adversely affect our business operations, and our business and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, the Tax Cuts and Jobs Act of 2017, or TCJA, enacted in December 2017, as modified by the Coronavirus Aid, Relief, and Economic Security ~~Act, or the CARES~~ Act, enacted in April 2020, significantly changed the U. S. Internal Revenue Code, or IRC. Such changes include a reduction in the corporate tax rate and limitations on certain corporate deductions and credits, among other changes. In addition, beginning in 2022, the TCJA eliminated the option to deduct research and development expenditures currently and requires taxpayers to capitalize and amortize them over five or fifteen years pursuant to IRC Section 174. Although Congress is considering legislation that would repeal or defer this capitalization and amortization requirement, it is not certain that this provision will be repealed or otherwise modified. ~~This has increased our effective tax rate and our cash tax payable in 2022, although the negative cash impact is expected to decline annually over the amortization period.~~ If the requirement to capitalize Section 174 expenditures is not modified, it may ~~impact~~ **increase** our effective tax rate and our cash tax liability ~~if and when we become profitable~~. We have generally accounted for changes related to the TCJA in accordance with our understanding of the legislation and guidance available as of the date of this filing as described in more detail in our financial statements and will continue to monitor and assess the impact of the federal legislation on our business and the extent to which various states conform to federal tax law. As another example, on August 16, 2022, the ~~Inflation Reduction Act of 2022, or~~ IRA ~~,~~ was signed into law, with tax provisions primarily focused on implementing a 15 % minimum tax on global adjusted financial statement income, effective for tax years beginning after December 31, 2022, and a 1 % excise tax on share repurchases occurring after December 31, 2022. **It** ~~Given its recent pronouncement, it~~ is unclear at this time what, if any, impact the IRA will have on our company' s tax rate and financial results. We will continue to evaluate the IRA' s impact (if any) as further information becomes available. In addition, adverse changes in the financial outlook of our operations or further changes in tax laws or regulations could lead to changes in our valuation allowances against deferred tax assets on our accompanying Consolidated Balance Sheets, which could materially affect our results of operations. Our ~~pre- merger~~ net operating loss carryforwards and certain other tax attributes may be subject to limitations. In general, under IRC Section 382 and 383, a corporation that undergoes an " ownership change " is subject to limitations on its ability to utilize its pre- change net operating loss carryforwards, or NOL carryforwards, to offset future taxable income. In general, an ownership change occurs if the aggregate stock ownership of certain stockholders, generally stockholders beneficially owning five percent or more of a corporation' s common stock **(for tax purposes)** , applying certain look- through and aggregation rules, increases by more than 50 percentage points (by value) over such stockholders' lowest percentage ownership during the testing period, generally three years. ~~It is possible~~ **We have determined** that **we have experienced several ownership changes in the past and, as a result, a portion of** our NOL carryforwards and certain other tax attributes **are subject to limitations with respect to the amounts which can be utilized annually. It is also possible that our NOL carryforwards and certain other tax attributes** may be subject to **additional** ~~limitation~~ **limitations** as a result of ownership changes ~~in the past or~~ in the future because of, among other things, shifts in our stock ownership, many of which are outside our control. Consequently, even if we achieve profitability, we may not be able to utilize a material portion of our NOL carryforwards and certain other tax attributes, which could have a material adverse effect on cash flow and results of operations. **We have commissioned** ~~For example, based on a preliminary~~ Section 382 **studies** ~~study that was commissioned during the fourth quarter of 2022~~ , focused on our wholly owned operating company and subsidiary, AIS Operating Co., Inc., **evaluating changes in ownership for periods from inception through December 31, 2023 and have concluded that** we ~~believe we likely~~ experienced ownership changes in 2016 and 2021 ~~. As~~ **, and as** a result ~~of this determination~~ , our ability to ~~utilize~~ **use** research and development tax ~~credits~~ **credit** and NOL carryforwards created prior to September 17, 2021 has been limited. ~~While we continue to record a full valuation allowance~~ **We have incorporated the resulting limitations into our provision** for ~~our domestic~~ **income taxes for the years ended**

December 31, 2023 and 2022. Though limited in the amount which can be utilized for the year ended December 31, 2023, and annually thereafter, the restrictions do not definitively prevent the impacted research and development tax ~~assets~~ **credit carryforwards from utilization in future years** and **before expiration. As such, we** have not reduced our research and development tax credit carryforwards as of December 31, ~~2022~~ **2023 . Under IRC Section 382 and 383** , the **2017 merger with Nivalis Therapeutics Inc., or Nivalis, is likely considered an ownership change with respect to the potential** ~~limitations~~ **limitation of** ~~could impact our ability to use~~ the **Nivalis federal tax credits and NOLs. As such, it is likely that any future utilization of Nivalis federal tax credits and NOLs is substantially limited. Therefore, as of December 31, 2018, all Nivalis tax credit and** NOL carryforwards **have been reduced to zero** ~~and research and development tax credit carryforwards before expiration~~ . Provisions of ~~our~~ debt instruments may restrict our ability to pursue our business strategies. Our term loan ~~agreement~~ **agreements** ~~requires~~ **required** us, and any debt financing we may obtain in the future may require us, to comply with various covenants that limit our ability to, among other things: • dispose of assets; • complete mergers or acquisitions; • incur indebtedness; • encumber assets; • pay dividends or make other distributions to holders of our capital stock; • use institutions other than our lender for certain banking services; • make specified investments; • engage in any new line or business; and • engagement in certain transactions with our affiliates. **If we enter into future debt financing arrangements similar to our recently repaid term loan facility, such debt financing arrangements may include similar restrictions. If we do pursue such debt financing with such restrictions,** ~~These~~ **these** restrictions could inhibit our ability to pursue our business strategies. In addition, if we are required to use our lender for certain banking services, we could be exposed to the risks discussed in " Adverse events or perceptions affecting the financial services industry could adversely affect our operating results, financial condition and prospects. " If we default under ~~our term loan agreement~~ **future debt financing arrangements** , including a material adverse change in our business, operations or condition (financial or otherwise), and such event of default is not cured or waived, the lenders could terminate commitments to lend and cause all amounts outstanding with respect to the debt to be due and payable immediately, which in turn could result in cross defaults under other debt instruments, if any. Our assets and cash flow may not be sufficient to fully repay borrowings under any outstanding debt instruments if some or all of these instruments are accelerated upon a default. We may incur additional indebtedness in the future. The debt instruments governing such indebtedness could contain provisions that are as, or more, restrictive than our ~~existing~~ **previous** debt instruments. If we are unable to repay, refinance or restructure ~~our~~ **any future** indebtedness when payment is due, the lenders could proceed against the collateral granted to them to secure such indebtedness or force us into bankruptcy or liquidation. Risks Related to Cybersecurity Our computer systems, or those of any of our CROs, manufacturers, other contractors or consultants or potential future collaborators, may fail or suffer security or data privacy breaches or incidents or other unauthorized or improper access to, use of, or destruction of our proprietary or confidential data, employee data, or personal data, which could result in additional costs, loss of revenue, significant liabilities, harm to our brand and material disruption of our operations. Despite the implementation of security measures in an effort to protect systems that store our information, given their size and complexity and the increasing amounts of information maintained on our internal information technology systems, and those of our third-party CROs, other contractors (including sites performing clinical trials) and consultants, these systems are potentially vulnerable to breakdown or other damage or interruption from service interruptions, system malfunction, natural disasters, terrorism, war and telecommunication and electrical failures, as well as security breaches and incidents from inadvertent or intentional actions by our employees, contractors, consultants, business partners, and / or other third parties, or from cyber-attacks by malicious third parties (including supply chain cyber- attacks or the deployment of harmful malware, ransomware, denial- of- service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information), which may compromise our system infrastructure or lead to the loss, destruction, alteration, prevention of access to, disclosure, or dissemination of, or damage or unauthorized access to, our data (including trade secrets or other confidential information, intellectual property, proprietary business information, and personal information) or data that is processed or maintained on our behalf, or other assets, which could result in financial, legal, business and reputational harm to us. The increase in remote working in recent years has increased certain security threats, and phishing and social engineering attacks have increased in recent years. Additionally, cybersecurity researchers have warned of heightened risks of cyberattacks in connection with **geopolitical events such as the war in Israel and** Russia' s ~~activities~~ **conflict** in Ukraine. **Any** ~~To the extent that any~~ disruption or security incident **that** were to result in any loss, destruction, unavailability, alteration, disclosure, or dissemination of, or damage or unauthorized access to, our applications, any other data processed or maintained on our behalf or other assets, or **any belief** ~~for~~ **or reporting** ~~it to be believed or reported~~ that any of these **has** occurred, ~~we~~ could **cause us to** incur liability, financial harm and reputational damage and **could lead to delays in** the development and commercialization of our product candidates ~~could be delayed~~ . We cannot assure you that our data protection efforts and our investment in information technology, or the efforts or investments of CROs, consultants or other third parties, will prevent significant breakdowns or breaches in systems or other cyber incidents that cause loss, destruction, unavailability, alteration or dissemination of, or damage or unauthorized access to, our data and other data processed or maintained on our behalf or other assets that could have a material adverse effect upon our reputation, business, operations or financial condition. We and certain of our contractors and consultants are, from time to time, subject to cyberattacks and security incidents. While we do not believe that we have experienced any significant system failure, accident or security breach to date, if any system failure, accident, or other disruption, or any security breach or incident, impacting us or any of our third- party CROs or other contractors or consultants, were to occur and cause interruptions in our operations, it could result in a material disruption of our programs and the development of our product candidates could be delayed. In addition, the loss **, corruption, or unavailability** of clinical trial data for our product candidates could result in delays in our marketing approval efforts and significantly increase our costs to recover or reproduce the data. Further, any such event that leads to loss, damage, or unauthorized access to, or use, alteration, or disclosure, dissemination **, unavailability** or other processing of, personal information, including personal

information regarding our clinical trial subjects or employees, could harm our reputation directly, compel us to comply with federal and / or state breach notification laws and foreign law equivalents, subject us to mandatory corrective action, and otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information, which could result in significant legal and financial exposure and reputational damages that could potentially have an adverse effect on our business. Notifications and follow- up actions related to a security breach or incident could impact our reputation and cause us to incur significant costs, including legal expenses and remediation costs. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the lost data. We expect to incur significant costs in an effort to detect and prevent security breaches and incidents, and we may face increased costs and requirements to expend substantial resources in the event of an actual or perceived security breach or incident. We also rely on third parties to manufacture our product candidates, and similar events relating to their computer systems could also have a material adverse effect on our business. **Any** ~~To the extent that any~~ disruption or security **breach or** incident ~~were to result~~ **resulting** in any loss, destruction, or alteration of, unavailability of, or damage or unauthorized access to, our data or other information that is processed or maintained on our behalf, or inappropriate disclosure of or dissemination of any such information, or if any of these were perceived or reported to have occurred, ~~we~~ could ~~be exposed~~ - **expose us** to litigation and governmental investigations, ~~the~~ **delays in** further development and commercialization of our product candidates ~~could be delayed~~ , and ~~we could be subject to~~ significant fines ~~or~~ **,** penalties **,** ~~for~~ - **or other liabilities** ~~any noncompliance with certain state, federal and / or international privacy and security laws~~ . Our insurance policies may not be adequate to compensate us for the potential losses arising from any such disruption in or, failure or security breach or incident of or impacting our systems or third- party systems where information important to our business operations or commercial development is stored. In addition, such insurance may not be available to us in the future on economically reasonable terms, or at all. Further, our insurance may not cover all claims made against us and could have high deductibles in any event, and defending a suit, regardless of its merit, could be costly and divert management attention. Our information technology systems could face serious disruptions adversely affecting our business. Our information technology and other internal infrastructure systems, including corporate firewalls, servers, leased lines, and connection to the Internet, face the risk of systemic failure potentially disruptive to our operations. A significant disruption in the availability of our information technology and other internal infrastructure systems, or those of third parties that perform services or supply materials to us, could cause interruptions in our collaborations with our partners and delays in our research and development work. Our facility is located in Seattle, Washington. We have not undertaken a systematic analysis of the potential consequences to our business and financial results from a major flood, blizzard, fire, earthquake, power loss, terrorist activity, pandemics or other disasters and do not have a recovery plan for such disasters. Also, our contract development and manufacturing organizations' and suppliers' facilities are located in multiple locations where other natural disasters or similar events which could severely disrupt our operations, could expose us to liability and could have a material adverse effect on our business. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. Risks Related to Our Intellectual Property If we are not able to obtain and enforce patent protection for our technology, including therapeutic candidates, therapeutic products, and platform technology, development of our therapeutic candidates and platform, and commercialization of our therapeutic products may be materially and adversely affected. Our success depends in part on our ability to obtain and maintain patents and other forms of intellectual property rights, including in- licenses of intellectual property rights of others, for our technology, including platform technology and therapeutic candidates and products, methods used to manufacture our therapeutic candidates and products, and methods for treating patients using our therapeutic candidates and products, as well as our ability to preserve our trade secrets, to prevent third parties from infringing upon our proprietary rights, and to operate without infringing upon the proprietary rights of others. Our scientific platform and substantially all of our intellectual property have been developed internally. As of December 31, ~~2022~~ **2023** , our patent portfolio consists of ~~54~~ **over 100** granted **and registered** patents **,** and over ~~200~~ **230** pending patent applications. We may not be able to apply for patents on certain aspects of our technology, including therapeutic candidates and products, in a timely fashion or at all. Any future patents we obtain may not be sufficiently broad to prevent others from using our technology or from developing competing therapeutics and technology. There is no guarantee that any of our pending patent applications will result in issued or granted patents, any of our issued or granted patents will not later be found to be invalid or unenforceable, or any issued or granted patents will include claims sufficiently broad to cover our technology, including platform technology and therapeutic candidates and products, or to provide meaningful protection from our competitors. Moreover, the patent position of pharmaceutical and biotechnology companies can be highly uncertain because it involves complex legal and factual questions. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent our current and future technology, including platform technology and therapeutic candidates and products, are covered by valid and enforceable patents or are effectively maintained as trade secrets. If third parties disclose or misappropriate our proprietary rights, it may materially and adversely impact our competitive position in the market. The U. S. Patent and Trademark Office, or USPTO, and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other provisions during the patent process. There are situations in which noncompliance can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Patent offices may be affected by COVID- 19 or other health epidemic **or government- initiated** shut- downs, resulting in, for example, non- essential administrative tasks being delayed or eliminated. This could affect patent rights, including the partial or complete loss of patent rights in jurisdictions such as the USPTO and international patent offices. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case. Further, the standards applied by the USPTO and foreign patent offices in granting patents are not always applied uniformly or predictably. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in biotechnology and pharmaceutical patents. As such, we do not know the degree of

future protection we will have on our technology, including platform technology and therapeutic candidates and products. While we will endeavor to try to protect our technology, including platform technology and therapeutic candidates and products, with intellectual property rights such as patents, as appropriate, the process of obtaining patents is time- consuming, expensive, and sometimes unpredictable, and we can provide no assurances our technology, including our platform technology, therapeutic candidates and products, will be adequately protected in the future against unauthorized uses or competing claims by third parties. In addition, recent and future changes to the patent laws and to the rules of the USPTO and foreign patent offices may have a significant impact on our ability to protect our technology, including therapeutic candidates and products, and enforce our intellectual property rights. For example, the Leahy- Smith America Invents Act enacted in 2011 involves significant changes in patent legislation. In addition, we cannot assure that court rulings or interpretations of any court decision will not adversely impact our patents or patent applications. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, there also may be uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U. S. Congress, the federal courts, the USPTO, or made in foreign jurisdictions, 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 we might obtain in the future. ~~Moreover, no earlier than~~ **The EU Patent Package was implemented on** June 1, 2023 ~~,~~ **with the goal of providing a single pan-** European ~~applications will soon have the option, upon grant of a patent, of becoming a~~ Unitary Patent ~~which~~ **, or UP, having a unitary effect across all participating countries, and a new European Unified Patent Court, or the UPC, for litigation involving European patents in member states that have acceded and ratified the EU Patent Package. As a result, the default for all European patents, including those granted prior to ratification of the EU Patent Package, is to automatically fall under the jurisdiction of the UPC. For recently granted European patents, an applicant may request UP status no later than one month after grant. It is uncertain how the UPC** will ~~be subject~~ **impact granted European patents in the biotechnology and pharmaceutical industries. During the first seven years of the UPC' s existence, the UPC legislation allows a patent owner** to **opt its European patents out of** the jurisdiction of the **UPC. We may decide to opt out from the UP and the UPC with our future European patents, but doing so may preclude us from realizing the benefits of the UP and UPC. However, if we do not meet all of the formalities and requirements for opting out under the UPC, our future European patents could remain under the jurisdiction of the UPC as European Unitary Patents. If and when our European patent applications are granted as a European** Unitary Patent ~~Court~~ , ~~or~~ **the** UPC ~~. This will be~~ **provides our competitors with** a ~~significant change in~~ **new forum to centrally revoke our** European **Unitary Patents in a single judicial forum. Moreover, the UPC allows a competitor the possibility of obtaining an injunction throughout the EU member states who have acceded to the EU Patent Package against our commercial products. Such a loss of** patent ~~practice. As~~ **protection, and** the **ability to enjoin our commercial products in a single** UPC ~~is~~ **proceeding, could have** a ~~new~~ **material adverse impact on** ~~court -- court~~ **our business and** ~~system, there is no precedent for the court --~~ **our ability to commercialize our technology and product candidates and** , ~~increasing the uncertainty~~ **resultantly, on our business, financial condition, prospects and results** of **operations** ~~any patent litigation in Europe~~ . The issuance of a patent is not conclusive as to its inventorship, scope, validity, or enforceability. Once granted, patents may remain open to opposition, interference, re- examination, post- grant review, inter partes review, revocation, nullification, or derivation action in court or before patent offices or similar proceedings before or after allowance or grant, during which time third parties can raise objections against such initial grant. In the course of such proceedings, which may continue for a protracted period of time, the patent owner may be compelled to limit the scope of the pending, allowed or granted claims thus attacked or may lose the allowed or granted claims altogether. Our patent risks include that: • others may, or may be able to, make, use, offer to sell, or sell compounds that are the same as or similar to our therapeutic candidates and products but that are not covered by the claims of the patents we own or license; • we or our licensors, collaborators, or any future collaborators may not be the first to file patent applications covering certain aspects of our technology, including our platform technology, therapeutic candidates and products; • others may independently develop similar or alternative technology or duplicate any of our technology without infringing our intellectual property rights; • a third party may challenge our patents and, if challenged, a court may not hold that our patents are valid, enforceable, or that a third party is infringing; • a third party may challenge our patents in various patent offices and, if challenged, we may be compelled to limit the scope of our pending, allowed or granted claims ~~,~~ or lose the allowed or granted claims altogether; • any issued patents we own or have licensed may not provide us with any competitive advantages, or may be challenged by third parties; • we may not develop additional proprietary technologies that are patentable; • the patents of others could harm our business; and • our competitors could conduct research and development activities in countries where we do not or will not have enforceable patent rights and then use the information learned from such activities to develop competitive products for sale in major commercial markets where we do not or will not have enforceable patent rights. We may license patent rights from third- party owners or licensors. If such owners or licensors do not properly or successfully obtain, maintain or enforce the patents underlying such licenses, or if they retain or license to others any competing rights, our competitive position and business prospects may be materially and adversely affected. We may rely upon intellectual property rights licensed from third parties to protect our technology, including platform technology and therapeutic candidates and products. To date, we have in- licensed some intellectual property, including on a non- exclusive basis intellectual property relating to commercially- available cell lines involved in the manufacture of our ~~vIgD programs~~ **therapeutic candidates and products** ; however, we may also license additional third- party intellectual property in the future, to protect our technology, including intellectual property relating to our platform technology and therapeutic candidates and products. Our success will depend in part on the ability of our licensors to obtain, maintain, and enforce patent protection for our licensed intellectual property, in particular those patents to which we have secured exclusive rights. Our licensors may elect not to prosecute, or may be unsuccessful in prosecuting, any patent applications licensed to us. Even if patents issue or are granted, our licensors may fail to maintain these patents, may determine not to pursue litigation against other companies infringing these patents, or may pursue

litigation less aggressively than we would. Further, any additional licenses we enter into may be non- exclusive and we may not be able to obtain exclusive rights, which would potentially allow third parties to develop competing products or technology. Without protection for, or exclusive right to, any intellectual property we may license, other companies might be able to offer substantially identical or similar product (s) for sale, which could adversely affect our competitive business position and harm our business prospects. In addition, we may need to sublicense any rights we have under third- party licenses to current or future collaborators or any future strategic partners. Any impairment of these sublicensed rights could result in reduced revenue under or result in termination of an agreement by one or more of our collaborators or any future strategic partners. Patent terms may be inadequate to protect our competitive position on our platform technology and therapeutic candidates and products for an adequate amount of time. Patents have a limited lifespan. In the United States and abroad, if all maintenance fees and annuity fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest non- provisional filing date. The protection a patent affords is limited. Even if patents covering our products are obtained, once the patent life has expired, we may be open to competition from competitive products. Given the amount of time required for the development, testing and regulatory review of new products, patents protecting such products might expire before or shortly after such products are approved and commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. We may be unable to protect our patent intellectual property rights throughout the world. Obtaining a valid and enforceable issued or granted patent covering our technology, including therapeutic candidates and products, in the United States and worldwide can be extremely costly. In jurisdictions where we have not obtained patent protection, competitors may use our technology, including our platform technology and therapeutic candidates and products, to develop their own products, and further, may commercialize such products in those jurisdictions and export otherwise infringing products to territories where we have not obtained patent protection. In certain instances, a competitor may be able to export otherwise infringing products in territories where we will obtain patent protection. In jurisdictions outside the United States where we will obtain patent protection, it may be more difficult to enforce a patent as compared to the United States. Competitor products may compete with our future products in jurisdictions where we do not or will not have issued or granted patents or where our issued or granted patent claims or other intellectual property rights are not sufficient to prevent competitor activities in these jurisdictions. The legal systems of certain countries, particularly certain developing countries, make it difficult to enforce patents and such countries may not recognize other types of intellectual property protection, particularly relating to biopharmaceuticals. Geo- political actions in the United States and in foreign countries could increase the uncertainties and costs surrounding the prosecution or maintenance of our patent applications or those of any current or future licensors and the maintenance, enforcement or defense of our issued patents or those of any current or future licensors. This could make it difficult for us to prevent the infringement of our patents or marketing of competing products in violation of our proprietary rights generally in certain jurisdictions. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business. **For example, the United States and foreign government actions related to Russia' s conflict in Ukraine may limit or prevent filing, prosecution, and maintenance of patent applications in Russia, including patents obtained through the Eurasian Patent Organization. Government actions may also prevent maintenance of issued patents in Russia. These actions could result in abandonment or lapse of our patents or patent applications, resulting in partial or complete loss of patent rights in Russia. If such an event were to occur, it could have a material adverse effect on our business. In addition, a decree was adopted by the Russian government in March 2022, allowing Russian companies and individuals to exploit inventions owned by patentees from the United States without consent or compensation. Consequently, we would not be able to prevent third parties from exploiting our inventions in Russia or from selling or importing products made using our inventions in and into Russia. Accordingly, our competitive position may be impaired, and our business, financial condition, results of operations and prospects may be adversely affected in Russia.** We generally file a provisional patent application first (a priority filing) at the USPTO. An international application under the Patent Cooperation Treaty, or PCT, is usually filed within twelve months after the priority filing, at times with a United States filing. Based on the PCT filing, national and regional patent applications may be filed in various international jurisdictions, such as in Europe, Japan, Australia, Canada, and the United States. We have so far not filed for patent protection in all national and regional jurisdictions where such protection may be available. In addition, we may decide to abandon national and regional patent applications before they are granted. Finally, the grant proceeding of each national or regional patent is an independent proceeding which may lead to situations in which applications might in some jurisdictions be refused by the relevant registration authorities, while granted by others. It is also quite common that, depending on the country, various scopes of patent protection may be granted on the same therapeutic candidate, product, or technology. The laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws in the United States, and many companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. If we or our licensors encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished, and we may face additional competition from others in those jurisdictions. Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position in the relevant jurisdiction may be impaired and our business and results of operations may be adversely affected. We or our licensors, collaborators, or any future strategic partners may become subject to third- party claims or litigation alleging infringement of patents or other proprietary rights or seeking to invalidate patents or other proprietary rights, and we may need to resort to litigation to protect or enforce our patents or other proprietary rights, all of which could be costly, time consuming, delay or

prevent the development of our therapeutic candidates and commercialization of our therapeutic products, or put our patents and other proprietary rights at risk. We or our licensors, licensees, collaborators, or any future strategic partners may be subject to third- party claims for infringement or misappropriation of patent or other proprietary rights. We are generally obligated under our license or collaboration agreements to indemnify and hold harmless our licensors, licensees, or collaborators for damages arising from intellectual property infringement by us. If we or our licensors, licensees, collaborators, or any future strategic partners are found to infringe a third- party patent or other intellectual property rights, we could be required to pay damages, potentially including treble damages, if we are found to have willfully infringed. In addition, we or our licensors, licensees, collaborators, or any future strategic partners may choose to seek, or be required to seek, a license from a third party, which may not be available on acceptable terms, if at all. Even if a license can be obtained on acceptable terms, the rights may be non-exclusive, which could give our competitors access to the same technology or intellectual property rights licensed to or from us. If we fail to obtain a required license, we or our licensee or collaborator, or any future licensee or collaborator, may be unable to effectively market therapeutic products based on our technology, which could limit our ability to generate revenue or achieve profitability and possibly prevent us from generating revenue sufficient to sustain our operations. In addition, we may find it necessary to pursue claims or initiate lawsuits to protect or enforce our patent or other intellectual property rights. The cost to us in defending or initiating any litigation or other proceeding relating to patent or other proprietary rights, even if resolved in our favor, could be substantial, and litigation would divert our management' s attention. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could delay our research and development efforts and limit our ability to continue our operations. Although we do not believe our technology infringes the intellectual property rights of others, we are aware of one or more patents or patent applications that may relate to our technology, and third parties may assert against our products alleging infringement of their intellectual property rights regardless of whether their claims have merit. Infringement claims could harm our reputation, may result in the expenditure of significant resources to defend and resolve such claims, and could require us to pay monetary damages if we are found to have infringed the intellectual property rights of others. If we were to initiate legal proceedings against a third party to enforce a patent covering our technology, including therapeutic candidates and products, the defendant could counterclaim that our patent is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, **including** for example, patent ineligibility, lack of novelty, lack of written description, obviousness, or non- enablement **. Recent cases, including the recent U. S. Supreme Court decision in Amgen Inc. v. Sanofi, may impact the claim scope of biological therapeutic products, including certain of our therapeutic candidates and products** . Grounds for an unenforceability assertion could be an allegation someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. The outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. With respect to the validity question, for example, we cannot be certain there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our technology, including our platform technology and therapeutic candidates and products. Such a loss of patent protection could have a material adverse impact on our business. Patents and other intellectual property rights also will not protect our technology, including our platform technology and therapeutic candidates and products, if competitors design around our protected technology, including our platform technology and therapeutic candidates and products, without legally infringing our patents or other intellectual property rights. It is also possible we have failed to identify relevant third- party patents or applications. For example, patent applications in the United States and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our technology, including our platform technology and therapeutic candidates and products, could have been filed by others without our knowledge. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our technology, including our platform technology and therapeutic candidates and products. Third- party intellectual property rights holders may also actively bring infringement claims against us. We cannot guarantee we will be able to successfully settle or otherwise resolve such infringement claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or continue costly, unpredictable, and time- consuming litigation and may be prevented from, or experience substantial delays in, marketing our technology, including therapeutic candidates and products. If we fail in any such dispute, in addition to being forced to pay damages, we may be temporarily or permanently prohibited from commercializing our technology, including a therapeutic product, held to be infringing. We might, if possible, also be forced to redesign therapeutic candidates or products so we no longer infringe the third- party intellectual property rights. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources we would otherwise be able to devote to our business. If we do not obtain patent term extension and data exclusivity for any therapeutic candidate or product we may develop, our business may be materially harmed. Depending upon the timing, duration, and specifics of any FDA marketing approval of any therapeutic candidate or product we may develop, one or more of our or in-licensed U. S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch- Waxman Act. The Hatch- Waxman Act permits 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. Similar extensions as compensation for patent term lost during regulatory review processes are also available in certain foreign

countries and territories, such as in Europe under a Supplementary Patent Certificate. However, we may not be granted an extension in the United States and / or foreign countries and territories 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 may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations, and growth prospects could be materially harmed. If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. In addition to seeking patent protection for certain aspects of our technology, including platform technology and therapeutic candidates and products, we also consider trade secrets, including confidential and unpatented know- how, important to the maintenance of our competitive position. We protect trade secrets and confidential and unpatented know- how, in part, by entering into non- disclosure and confidentiality agreements with parties who have access to such knowledge, such as our employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors, and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants obligating them to maintain confidentiality and assign their inventions to us. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. We also cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. Enforcing a claim in the event of a party illegally disclosing or misappropriating a trade secret is difficult, expensive, and time- consuming, and the outcome is unpredictable. In addition, some courts in the United States and certain foreign jurisdictions are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed. We are also subject both in the United States and outside the United States to various regulatory schemes regarding requests for the information we provide to regulatory authorities, which may include, in whole or in part, trade secrets or confidential commercial information. While we are likely to be notified in advance of any disclosure of such information and would likely object to such disclosure, there can be no assurance our challenge to the request would be successful. We may be in the future subject to claims we or our employees or consultants have wrongfully used or disclosed alleged trade secrets of our employees' or consultants' former employers or their clients. These claims may be costly to defend and if we do not successfully do so, we may be required to pay monetary damages, may be prohibited from using some of our research and development and may lose valuable intellectual property rights or personnel. Many of our employees were previously employed at universities or biotechnology or pharmaceutical companies, including our current and potential competitors. We may receive correspondence from other companies alleging the improper use or disclosure, and have received, and may in the future receive, correspondence from other companies regarding the use or disclosure, by certain of our employees who have previously been employed elsewhere in our industry, including with our competitors, of their former employer' s trade secrets or other proprietary information. Responding to these allegations can be costly and disruptive to our business, even when the allegations are without merit, and can be a distraction to management. We may be subject to claims in the future that our employees have, or we have, inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If we fail in defending current or future claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, personnel, or the ability to use some of our research and development. A loss of intellectual property, key research personnel, or their work product could hamper our ability to commercialize, or prevent us from commercializing, our therapeutic candidates, which could severely harm our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management. If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be materially and adversely affected. Our trademarks or trade names may be challenged, infringed, circumvented, or declared generic or determined to be infringing on other marks. Any trademark litigation could be expensive. We may not be able to protect our rights to these trademarks and trade names or may be forced to stop using these names, which we need for name recognition by potential partners or customers in our markets of interest. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively, and our business may be materially and adversely affected. Third parties may independently develop similar or superior technology. There can be no assurance others will not independently develop, or have not already developed, similar or more advanced technologies than our technology or that others will not design around, or have not already designed around, aspects of our technology or our trade secrets developed therefrom. If third parties develop technology similar or superior to our technology, or they successfully design around our current or future technology, our competitive position, business prospects, and results of operations could be materially and adversely affected. If we fail to comply with our obligations under any license, collaboration, or other agreements, we may be required to pay damages and could lose intellectual property rights necessary for developing and protecting our technology, including our platform technology, therapeutic candidates, and therapeutic products, or we could lose certain rights to grant sublicenses, either of which could have a material adverse effect on our results of operations and business prospects. Any material future licenses we enter into are likely to impose, various development, commercialization, funding, milestone, royalty, diligence, sublicensing, insurance, patent prosecution and enforcement, and other obligations on us. If we breach any of these obligations, or use the intellectual property licensed to us in an unauthorized manner, we may be required to pay damages and the licensor may have the right to terminate the license, which could result in us being unable to develop, manufacture, and sell or offer to sell products covered by the licensed technology or enable a

competitor to gain access to the licensed technology. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor' s rights. In addition, while we cannot currently determine the amount of the royalty obligations we may be required to pay on any future sales of licensed products, if any, the amounts may be significant. The amount of our future royalty obligations will depend on the technology and intellectual property we use in therapeutic products we successfully develop and commercialize, if any. Therefore, even if we successfully develop and commercialize therapeutic products, we may be unable to achieve or maintain profitability. Breaches of our internal computer systems, or those of our contractors, vendors, or consultants, may place our patents or proprietary rights at risk. The loss of clinical or preclinical data or data from any future clinical trial involving our technology, including therapeutic candidates and products, could result in delays in our development and regulatory filing efforts and significantly increase our costs. In addition, theft or other exposure of data may interfere with our ability to protect our intellectual property, including trade secrets, and other information critical to our operations. We have experienced in the past, and may experience in the future, unauthorized intrusions into our internal computer systems, including portions of our internal computer systems storing information related to our platform technology, therapeutic candidates and products, and we can provide no assurances that certain sensitive and proprietary information relating to one or more of our therapeutic candidates or products has not been, or will not in the future be, compromised. Although we have invested significant resources to enhance the security of our computer systems, there can be no assurances we will not experience additional unauthorized intrusions into our computer systems, or those of our CROs, vendors, contractors, and consultants, that we will successfully detect future unauthorized intrusions in a timely manner, or that future unauthorized intrusions will not result in material adverse effects on our financial condition, reputation, or business prospects. Payments related to the elimination of ransomware may materially affect our financial condition and results of operations. Certain data breaches must also be reported to affected individuals and the government under applicable data protection laws, and financial penalties may also apply. Risks Related to Government Regulation We may be unable to obtain U. S. or foreign regulatory approval and, as a result, may be unable to commercialize our therapeutic candidates. Our therapeutic candidates are subject to extensive governmental regulations relating to, among other things, research, development, testing, manufacture, quality control, approval, labeling, packaging, promotion, storage, record- keeping, advertising, distribution, sampling, pricing, sales and marketing, safety, post-approval monitoring and reporting, and export and import of drugs. Rigorous preclinical testing and clinical trials and an extensive regulatory approval process are required to be completed successfully in the United States and in many foreign jurisdictions before a new therapeutic can be marketed. Satisfaction of these and other regulatory requirements is costly, time consuming, uncertain, and subject to unanticipated delays. We have not obtained regulatory approval for any therapeutic candidates, and it is possible none of the therapeutic candidates we may develop will obtain the regulatory approvals necessary for us or our collaborators to begin selling them. We have very limited experience in conducting and managing the clinical trials necessary to obtain regulatory approvals, including approval by the FDA as well as foreign regulatory authorities, such as the EMA. The time required to obtain FDA and foreign regulatory approvals is unpredictable but typically takes many years following the commencement of clinical trials, depending upon the type, complexity, and novelty of the therapeutic candidate, and at the substantial discretion of the regulatory authorities. The standards the FDA and its foreign counterparts use when regulating us are not always applied predictably or uniformly and can change. Any analysis we perform of data from preclinical and clinical activities is subject to confirmation and interpretation by regulatory authorities, who could delay, limit, or prevent regulatory approval. We may also encounter unexpected delays or increased costs due to new government regulations, future legislation or administrative action, or from changes in the policy of FDA or foreign regulatory authorities during the period of product development, clinical trials, and regulatory review by the FDA or foreign regulatory authorities. It is impossible to predict whether legislative changes will be enacted, or whether FDA or foreign, regulations, guidance, or interpretations will be changed, or what the impact of such changes, if any, may be. ~~Because the therapeutic candidates we are developing may represent a new class of therapeutics, we are not aware of any definitive policies, practices, or guidelines that the FDA or its foreign counterparts have established in relation to these drugs. While we believe the therapeutic candidates we are currently developing are regulated as new biological products under the PHSA, the FDA could decide to regulate them or other products we may develop as drugs under the FFDCA. The lack of policies, practices, or guidelines may hinder or slow review by the FDA or foreign regulatory authorities of any regulatory filings we may submit. Moreover, the FDA or foreign regulatory authorities may respond to these submissions by defining requirements we may not have anticipated. Such responses could lead to significant delays in the clinical development of our therapeutic candidates.~~ Our therapeutic candidates could fail to receive regulatory approval for many reasons, including the following: • the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our clinical trials; • we may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that a therapeutic candidate is safe and effective for its proposed indication; • the results of clinical trials may not meet the level of statistical significance required by the FDA or comparable foreign regulatory authorities for approval; • we may be unable to demonstrate that a therapeutic candidate' s clinical and other benefits outweigh its safety risks; • the FDA or comparable foreign regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials; • the **FDA may change its requirements for the approval of a product candidate even after reviewing and providing comments or advice on a protocol for a pivotal clinical trial that, if successful, would potentially form the basis for an application for approval; • the** data collected from clinical trials of our therapeutic candidates may not be sufficient to support the submission of a BLA or other submission or to obtain regulatory approval in the United States, the European Union or elsewhere; • the FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes or facilities of third- party manufacturers with which we contract for clinical and commercial supplies; and • the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval. Any delay or failure in obtaining required approvals could have a

material adverse effect on our ability to generate revenues from the particular therapeutic candidate for which we are seeking approval. The FDA, the EMA and other regulatory authorities have substantial discretion in the approval process, and in determining when or whether regulatory approval will be obtained for any of our therapeutic candidates. Even if we believe the data collected from preclinical and clinical trials of our therapeutic candidates are promising, such data may not be sufficient to support approval by the FDA, the EMA or any other regulatory authority **. For example, in light of the positive data we announced in November 2023 from our RUBY- 3 clinical trial of povetacicept in adult patients with autoimmune glomerulonephritis, we intend to engage with the FDA in order to advance povetacicept into a pivotal study in IgAN in the second half of 2024. However, we cannot be certain that the FDA will be receptive to a proposal to advance povetacicept directly to a pivotal study. Even if the FDA is supportive of advancing povetacicept directly to a pivotal study, we cannot be certain that such study would ultimately provide the support needed to obtain regulatory approval** . Furthermore, any regulatory approval to market a product may be subject to limitations on the approved uses for which we may market the product or in the product labeling or be subject to other restrictions. Regulatory authorities also may impose requirements for costly post- marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the therapeutic. In addition, the FDA has the authority to require a REMS plan as part of the approval of a BLA or NDA, or after approval, which may impose further requirements or restrictions on the distribution or use of an approved drug or biologic, such as limiting prescribing to certain physicians or medical centers that have undergone specialized training, limiting treatment to patients who meet certain safe- use criteria, and requiring treated patients to enroll in a registry. These limitations and restrictions may limit the size of the market for the therapeutic and affect coverage and reimbursement by third- party payors. We are also subject to numerous foreign regulatory requirements governing, among other things, the conduct of clinical trials, manufacturing, marketing authorization, pricing, and third- party reimbursement. The foreign regulatory approval process varies among countries and may include all of the risks associated with FDA approval described above as well as risks attributable to the satisfaction of local regulations in foreign jurisdictions. We are subject to regulation by foreign regulatory authorities, ethics committees, and other governmental entities with respect to the clinical trials we conduct or sponsor outside of the U. S. For example, the EU Clinical Trials Regulation, or CTR, became applicable on January 31, 2022, repealing the EU Clinical Trials Directive. The implementation of the CTR includes the implementation of the Clinical Trials Information System, a new clinical trial portal and database that will be maintained by the EMA in collaboration with the European Commission and the EU Member States. Complying with changes in regulatory requirements can incur additional costs, delay our clinical development plans, or expose us to greater liability if we are slow or unable to adapt to changes in existing requirements or new requirements or policies governing our business operations, including our clinical trials. Moreover, the time required to obtain approval may differ from that required to obtain FDA approval. Approval by the FDA does not ensure approval by regulatory authorities outside the U. S. and vice versa. If we fail to obtain orphan drug designation or obtain or maintain orphan drug exclusivity for certain of our products, our competitors may sell products to treat the same conditions and our revenue may be reduced. Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is intended to treat a rare disease or condition, defined as a patient population of fewer than 200, 000 in the United States, or a patient population greater than 200, 000 in the United States where there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States. In the United States, orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user- fee waivers. In addition, if a therapeutic product with orphan drug designation subsequently receives the first FDA approval for the indication for which it has such designation, the therapeutic product is entitled to orphan product exclusivity, which means the FDA may not approve any other applications to market the same therapeutic product for the same indication for seven years, except in limited circumstances such as a showing of clinical superiority over the product with orphan exclusivity or where the manufacturer is unable to assure sufficient product quantity. As discussed above, in **response to the court decision in** Catalyst Pharms., Inc. v. Becerra, 14 F. 4th 1299 (11th Cir. 2021), the ~~court disagreed with the~~ FDA **has** ~~'s longstanding position that the orphan drug exclusivity only applies to the approved use or indication within an eligible disease, and not to all uses or indications within the entire disease or condition. On January 24, 2023, the FDA published a notice in the Federal Register to clarify~~ **clarified** that while the agency complies with the court' s order in Catalyst, FDA intends to continue to apply its longstanding interpretation of the regulations to matters outside of the scope of the Catalyst order – that is, the agency will continue tying the scope of orphan- drug exclusivity to the uses or indications for which a drug is approved, which permits other sponsors to obtain approval of a drug for new uses or indications within the same orphan designated disease or condition that have not yet been approved. It is unclear how future litigation, legislation, agency decisions, and administrative actions will impact the scope of the orphan drug exclusivity. As in the United States, we may apply for designation of a therapeutic candidate as an orphan drug for the treatment of a specific indication in the European Union before the application for marketing authorization is made. In the European Union, the EMA' s Committee for Orphan Medicinal Products, grants orphan drug designation to promote the development of products that are intended for the diagnosis, prevention or treatment of a life- threatening or chronically debilitating condition affecting not more than five in 10, 000 persons in the European Union. Additionally, designation is granted for products intended for the diagnosis, prevention or treatment of a life- threatening, seriously debilitating or serious and chronic condition when, without incentives, it is unlikely that sales of the drug in the European Union would be sufficient to justify the necessary investment in developing the drug or biological product or where there is no satisfactory method of diagnosis, prevention or treatment, or, if such a method exists, the medicine must be of significant benefit to those affected by the condition. Sponsors of orphan drugs in the European Union can enjoy economic and marketing benefits, including reduction of fees or fee waivers and up to ten years of market exclusivity for the approved indication unless another applicant can show its therapeutic product is safer, more effective, or otherwise clinically superior to the orphan- designated therapeutic product. This period may be reduced to six years if the orphan drug designation criteria are no longer met, including where it is shown that the product is sufficiently profitable not to

justify maintenance of market exclusivity. We may seek orphan drug designation from the FDA and the EMA for certain of our product candidates. However, we may never receive such designation. Even if we are able to obtain orphan designation, we may not be the first to obtain marketing approval for any particular orphan indication due to the uncertainties associated with developing pharmaceutical products. In addition, exclusive marketing rights in the United States may be limited if we seek approval for an indication broader than the orphan- designated indication or may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition. Further, even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs with different active moieties can be approved for the same condition. Even after an orphan drug is approved, regulatory authorities may subsequently approve the same drug with the same active moiety for the same condition if they conclude that the later drug is safer, more effective, or makes a major contribution to patient care. Orphan drug designation neither shortens the development time or regulatory review time of a product candidate nor gives the product candidate any advantage in the regulatory review or approval process. In addition, orphan drug exclusivity could block the approval of one of our therapeutic candidates if a competitor obtains approval of the same therapeutic product as defined by the FDA before we do, or if our therapeutic candidate is determined to be within the same class as the competitor' s therapeutic product for the same indication or disease. **The respective orphan designation and exclusivity frameworks in the United States and in the European Union are subject to change, and any such changes may affect our ability to obtain EU or U. S. orphan designations in the future.** If we or our existing or future collaborators, manufacturers, or service providers fail to comply with healthcare laws and regulations, we or such other parties could be subject to enforcement actions, which could adversely affect our ability to develop, market, and sell our therapeutics and may harm our reputation. Although we do not currently have any products on the market, once we begin commercializing our therapeutic candidates, if approved, we will be subject to additional healthcare statutory and regulatory requirements and enforcement by the federal, state, and foreign governments of the jurisdictions in which we conduct our business. Healthcare providers, physicians, and third- party payors play a primary role in the recommendation and prescription of any therapeutic candidates for which we obtain marketing approval. Our future arrangements with third- party payors and customers may expose us to broadly applicable fraud, abuse, and other healthcare laws and regulations constraining the business or financial arrangements and relationships through which we market, sell, and distribute the therapeutic candidates for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations include the following: • the U. S. federal Anti- Kickback Statute, which prohibits, among other things, persons from soliciting, receiving, offering, or providing remuneration, directly or indirectly, to induce either the referral of an individual for a healthcare item or service, or the purchasing or ordering of an item or service, for which payment may be made, in whole or in part, under a federal healthcare program such as Medicare or Medicaid; • the U. S. federal False Claims Act, which imposes criminal and civil penalties, including through civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, false or fraudulent claims for payment or making a false statement to avoid, decrease, or conceal an obligation to pay money to the federal government. In addition, the government may assert a claim including items and services resulting from a violation of the federal Anti- Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act; • **the criminal healthcare** ~~state all- payor~~ fraud ~~laws~~ **provisions of HIPAA** , which impose criminal and civil liability for executing a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing, or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services; similar to the federal Anti- Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation; • HIPAA, HITECH, and their implementing regulations, which impose obligations on certain covered entity healthcare providers, health plans, and healthcare clearinghouses as well as their business associates performing certain services involving the use or disclosure of individually identifiable health information, including mandatory contractual terms, with respect to safeguarding the privacy, security, and transmission of individually identifiable health information, and require notification to affected individuals and regulatory authorities of certain breaches of security of individually identifiable health information; • the federal Physician Payment Sunshine Act and its implementing regulations, also referred to as " Open Payments, " require applicable manufacturers of pharmaceutical and biological drugs, among other covered medical products, reimbursable under Medicare, Medicaid, or Children' s Health Insurance Programs to track and report to the CMS certain payments and transfers of value made in the previous year, including but not limited to, consulting fees, travel reimbursements, and research grants made to cover recipients, including physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), certain non- physician healthcare professionals (such as physician assistants and nurse practitioners, among others), and teaching hospitals, as well as information regarding physicians' and their immediate family members' ownership and investment interests in the applicable manufacturer, with limited exceptions; and • analogous and similar state and foreign laws and regulations, such as, state anti- kickback and false claims laws potentially applicable to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non- governmental third- party payors, including private insurers; and some state laws require pharmaceutical companies to comply with the pharmaceutical industry' s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to physicians and other healthcare providers or marketing expenditures. Ensuring our future business arrangements with third parties comply with applicable healthcare laws and regulations could involve substantial costs. If our operations are found to be in violation of any such requirements, we may be subject to penalties, including civil or criminal penalties, monetary damages, the curtailment or restructuring of our operations, or exclusion from participation in government contracting, healthcare reimbursement, or other government programs, including Medicare and Medicaid, any of which could adversely affect our financial results. Although effective compliance programs can mitigate the risk of investigation

and prosecution for violations of these laws, these risks cannot be entirely eliminated. Any action against us for an alleged or suspected violation could cause our company to incur significant legal expenses and could divert our management' s attention from the operation of our business, even if our defense is successful. In addition, achieving and sustaining compliance with applicable laws and regulations may be costly to us in terms of money, time, and resources. If we or our current or future collaborators, manufacturers, or service providers fail to comply with applicable federal, state, or foreign laws or regulations, we could be subject to enforcement actions, which could affect our ability to develop, market, and sell our therapeutics successfully and could harm our reputation and lead to reduced acceptance of our therapeutics by the market. These enforcement actions include, among others: • adverse regulatory inspection findings; • warning or untitled letters; • voluntary product recalls with public notification or medical product safety alerts to healthcare professionals; • restrictions on, or prohibitions against, marketing our therapeutics; • restrictions on, or prohibitions against, importation or exportation of our therapeutics; • suspension of review or refusal to approve pending applications or supplements to approved applications; • exclusion from participation in government- funded healthcare programs; • exclusion from eligibility for the award of government contracts for our therapeutics; • FDA debarment; • suspension or withdrawal of therapeutic approvals; • seizures or administrative detention of therapeutics; • injunctions; and • restitution, disgorgement of profits, or civil and criminal penalties and fines. Enacted and future legislation may increase the difficulty and cost for us to obtain **or maintain** marketing approval of our therapeutic candidates. The policies of the FDA or similar regulatory authorities may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. For example, in 2016, the 21st Century Cures Act, or Cures Act, was signed into law. The Cures Act, among other things, is intended to modernize the regulation of drugs and biologics and spur innovation, but it is still being implemented and its ultimate implementation is unclear. If we or our collaborators are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we or our collaborators are not able to maintain regulatory compliance, our therapeutic candidates may not obtain or maintain regulatory approval, and we may not achieve or sustain profitability, which would adversely affect our business. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or executive or administrative action, either in the United States or abroad. 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. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained, and we may not achieve or sustain profitability. For example, the ~~Consolidated Appropriations Act, 2023, including the~~ Food and Drug Omnibus Reform Act ~~, or FDORA, was signed into law in December 2022. FDORA~~ made several changes to the FDA' s authorities and its regulatory framework, including, among other changes, reforms to the accelerated approval pathway, such as requiring the FDA to specify conditions for post- approval study requirements and setting forth procedures for the FDA to withdraw a product on an expedited basis for non- compliance with post- approval requirements. **Further, if the Supreme Court reverses or curtails the Chevron doctrine, which gives deference to regulatory agencies in litigation against FDA and other agencies, more companies may bring lawsuits against FDA to challenge longstanding decisions and policies of FDA, which could undermine FDA' s authority, lead to uncertainties in the industry, and disrupt FDA' s normal operations, which could delay FDA' s review of our marketing applications.** It is difficult to predict how current and future legislation, executive actions, and litigation, including the executive orders, will be implemented, and the extent to which they will impact our business, our clinical development, and the FDA' s and other agencies' ability to exercise their regulatory authority, including FDA' s pre- approval inspections and timely review of any regulatory filings or applications we submit to the FDA. To the extent any legislative or executive actions impose constraints on FDA' s ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted. Any therapeutics we develop may become subject to unfavorable pricing regulations, third- party coverage and reimbursement practices, or healthcare reform initiatives, thereby harming our business. The regulations governing marketing approvals, pricing, coverage, and reimbursement for new drugs and biologics vary widely from country to country. Many countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. Although we intend to monitor these regulations, our programs are currently in the early stages of development and we will not be able to assess the impact of price regulations for a number of years. As a result, we might obtain regulatory approval for a product in a particular country but then be subject to price regulations delaying our commercial launch of the product and negatively impacting the revenues we are able to generate from the sale of the product in that country. Our ability to commercialize any therapeutics successfully also will depend in part on the extent to which coverage and reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers, and other organizations. However, there may be significant delays in obtaining coverage for newly- approved therapeutics. Moreover, eligibility for coverage does not necessarily signify a therapeutic will be reimbursed in all cases or at a rate covering our costs, including research, development, manufacture, sale, and distribution costs. Also, interim payments for new therapeutics, if applicable, may be insufficient to cover our costs and may not be made permanent. Thus, even if we succeed in bringing one or more therapeutics to the market, these products may not be considered cost- effective, and the amount reimbursed for any of them may be insufficient to allow us to sell them on a competitive basis. Because our programs are in the early stages of development, we are unable at this time to determine their cost effectiveness, coverage prospects, potential compendia listings, or the likely level or method of reimbursement, if covered. It is equally difficult for us to predict how Medicare coverage and reimbursement policies will be applied to our products in the future, and coverage and reimbursement under different federal healthcare programs are not always consistent. Medicare reimbursement rates may also reflect budgetary constraints placed on the Medicare program. Third- party payors often rely

upon Medicare coverage policies and payment limitations in setting their own reimbursement rates. These coverage policies and limitations may rely, in part, on compendia listings for approved therapeutics. Our inability to promptly obtain relevant compendia listings, coverage, and adequate reimbursement from both government- funded and private payors for new therapeutics we develop and for which we obtain regulatory approval could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products, and our financial condition. We believe the efforts of governments and third- party payors to contain or reduce the cost of healthcare, and legislative and regulatory proposals to broaden the availability of healthcare, will continue to affect the business and financial condition of pharmaceutical and biopharmaceutical companies. A number of legislative and regulatory changes in the healthcare system in the United States and other major healthcare markets have been proposed or enacted, and such efforts have expanded substantially in recent years. These developments could, directly or indirectly, affect our ability to sell our products, if approved, at a favorable price. In addition, third- party payors who reimburse patients or healthcare providers, such as government and private insurance plans, are seeking greater upfront discounts, additional rebates, and other concessions to reduce the prices for therapeutics. If the price we are able to charge for any therapeutics we develop, or the reimbursement provided for such products, is inadequate, our return on investment could be adversely affected. Pursuant to health reform legislation and related initiatives, the CMS are working with various healthcare providers to develop, refine, and implement Accountable Care Organizations, or ACOs, and other innovative models of care for Medicare and Medicaid beneficiaries, including the Bundled Payments for Care Improvement Initiative, the Comprehensive Primary Care Initiative, the Duals Demonstration, and other models. The continued development and expansion of ACOs and other innovative models of care will have an uncertain impact on any future reimbursement we may receive for approved therapeutics administered by such organizations. In addition, in recent years, the U. S. Congress has enacted various laws seeking to reduce the federal debt level and contain healthcare expenditures. For example, as a result of the Budget Control Act of 2011 and the Bipartisan Budget Act of 2015, ~~an annual 2 % reduction~~ **reductions** to Medicare payments ~~that~~ took effect in 2013 and will remain in effect through ~~2031~~ **2032** ~~. Under current legislation~~ , **unless Congress takes additional action** ~~the actual reduction in Medicare payments will vary from 1 % in 2022 to up to 4 % in the final fiscal year of this sequester. These across- the- board spending cuts could adversely affect our future revenues, earnings, and cash flows~~ . There has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, there have been several recent U. S. Congressional inquiries and proposed federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. For example, under the American Rescue Plan Act of 2021 ~~, effective January 1, 2024,~~ the statutory cap on Medicaid Drug Rebate Program rebates that manufacturers pay to state Medicaid programs **was** ~~will be~~ eliminated. Elimination of this cap may require pharmaceutical manufacturers to pay more in rebates than it receives on the sale of products, which could have a material impact on our business. In July 2021, the Biden administration released an executive order, " Promoting Competition in the American Economy, " with multiple provisions aimed at increasing competition for prescription drugs. In August 2022, Congress passed the **IRA** ~~Inflation Reduction Act of 2022~~ , which includes prescription drug provisions that have significant implications for the pharmaceutical industry and Medicare beneficiaries, including allowing the federal government to negotiate a maximum fair price for certain high- priced single source Medicare drugs, imposing penalties and excise tax for manufacturers that fail to comply with the drug price negotiation requirements, requiring inflation rebates for all Medicare Part B and Part D drugs, with limited exceptions, if their drug prices increase faster than inflation, and redesigning Medicare Part D to reduce out- of- pocket prescription drug costs for beneficiaries, among other changes. The **HHS has and will continue to issue and update guidance as these programs are implemented. On August 29, 2023, HHS announced the list of the first ten drugs that will be subject to price negotiations. Various industry stakeholders, including pharmaceutical companies, the U. S. Chamber of Commerce, the National Infusion Center Association, the Global Colon Cancer Association, and the Pharmaceutical Research and Manufacturers of America, have initiated lawsuits against the federal government asserting that the price negotiation provisions of the IRA are unconstitutional. The** impact of these **judicial challenges,** legislative, executive, and administrative actions and any future healthcare measures and agency rules implemented by the **government** ~~Biden administration~~ on us and the pharmaceutical industry as a whole is unclear **. In addition, in response to the Biden administration' s October 2022 executive order, on February 14, 2023, HHS released a report outlining three new models for testing by the Centers for Medicare and Medicaid Services Innovation Center, which will be evaluated on their ability to lower the cost of drugs, promote accessibility, and improve quality of care. It is unclear whether the models will be used in any health reform measures in the future** . Any reduction in reimbursement from Medicare or other government programs may result in a reduction in payments from private payors. Additionally, a number of states are considering or have recently enacted state drug price transparency and reporting laws that could substantially increase our compliance burdens and expose us to greater liability under such state laws once we begin commercialization after obtaining regulatory approval for any of our products **. Further, FDA recently authorized the state of Florida to import certain prescription drugs from Canada for a period of two years to help reduce drug costs, provided that Florida' s Agency for Health Care Administration meets the requirements set forth by the FDA. Other states may follow Florida** . The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize our product candidates. The impact of legislative, executive, and administrative actions of the Biden administration on us and the biopharmaceutical industry as a whole is unclear. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures. The healthcare industry is heavily regulated in the U. S. at the federal, state, and local levels and in other jurisdictions in which we may conduct trials or other activities, and

our failure to comply with applicable requirements may subject us to penalties and negatively affect our financial condition. As a healthcare company, our operations, clinical trial activities, and interactions with healthcare providers will be subject to extensive regulation in the United States, particularly if we receive FDA approval for any of our products in the future, and we may be subject to laws and regulations in other jurisdictions as we conduct clinical trials or engage in other activities in foreign jurisdictions. For example, if we receive FDA approval for a therapeutic for which reimbursement is available under a federal healthcare program, it would be subject to a variety of federal laws and regulations, including those prohibiting the filing of false or improper claims for payment by federal healthcare programs, prohibiting unlawful inducements for the referral of business reimbursable by federal healthcare programs, and requiring disclosure of certain payments and other transfers of value made to covered recipients in the previous year, including U. S.- licensed physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), certain non- physician healthcare professionals (such as physician assistants and nurse practitioners, among others), and teaching hospitals, as well as information regarding certain physicians' and their immediate family members' ownership and investment interests in the applicable manufacturer with limited exceptions. If our past or present operations, or those of our contractors or agents who conduct business on our behalf, are found to be in violation of any of these laws, we could be subject to enforcement action, government investigation, civil and criminal penalties, which could hurt our business, operations, and financial condition. It is not always possible to identify and deter misconduct by parties we may contract with, including employees, contractors, collaborators, CROs, and suppliers, and the precautions we take to detect and prevent misconduct may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid, integrity oversight and reporting obligations, contractual damages, reputational harm, diminished profits and future earnings and the curtailment or restructuring of our operations. Similarly, some state laws prohibit, among other offenses, knowingly and willfully executing a scheme to defraud any health care benefit program, including private payors, or falsifying, concealing, or covering up a material fact or making any materially false, fictitious, or fraudulent statement in connection with the delivery of or payment for items or services under a health care benefit program. We may also be subject to the privacy and security provisions of HIPAA, as amended by HITECH, which restricts the use and disclosure of patient- identifiable health information, mandates the adoption of standards relating to the privacy and security of patient- identifiable health information, and requires the reporting of certain security breaches to healthcare provider customers with respect to such information. Additionally, many states have enacted similar laws imposing more stringent requirements on entities like us **or otherwise providing for obligations in connection with the collection, use, and other processing of patient- identifiable health information, such as Washington' s My Health, My Data Act and similar laws in Nevada and Connecticut** . Failure to comply with applicable laws and regulations could result in substantial penalties and adversely affect our financial condition and results of operations. Complying with new regulatory requirements and changes in the laws and regulations will increase our compliance cost and exposure to potential liability. Additionally, the collection and use of health data in the EU is governed by the General Data Protection Regulation, or GDPR, which extends the geographical scope of EU data protection law to non- EU entities under certain conditions and imposes substantial obligations upon companies and new rights for individuals. Further, state and foreign laws may apply generally to the privacy and security of information we maintain, and may differ from each other in significant ways, thus complicating compliance efforts, as discussed in the risk factor below titled, " Data collection is governed by restrictive regulations governing the use, processing and cross-border transfer of personal information, and actual or perceived failures to comply with applicable data protection, privacy and security laws, regulations, standards and other requirements could adversely affect our business, results of operations and financial condition. " The global data protection landscape is rapidly evolving, and we are or may become subject to numerous state, federal and foreign laws, regulations, and other actual and asserted obligations governing the collection, use, disclosure, retention, and security of personal information, such as information collected or otherwise processed in connection with clinical trials in the U. S. and abroad. Implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or other actual or asserted obligations, or any perception of their requirements may have on our business. This evolution may create uncertainty in our business, affect our ability to operate in certain jurisdictions or to collect, store, transfer use and share personal information, necessitate the acceptance of more onerous obligations in our contracts, result in liability or impose additional costs on us. The cost of compliance with these laws, regulations, standards, and obligations is high and is likely to increase in the future. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulations, our internal policies and procedures, our contractual obligations governing our processing of personal information, or any other standards or other actual or asserted obligations, could result in negative publicity, government investigations and enforcement actions, claims by third parties and damage to our reputation, any of which could have a material adverse effect on our business, results of operation, and financial condition. In conducting and / or enrolling patients in our current or future clinical trials, we are subject to restrictions relating to privacy, data protection and data security and may be subject to additional restrictions as our clinical operations expand. For example, the collection, use, storage, disclosure, transfer, or other processing of personal data regarding individuals in the European Economic Area, or EEA, including personal health data, is subject to the GDPR. The GDPR is wide- ranging in scope and imposes numerous requirements on companies that process personal data, including requirements relating to processing health and other sensitive data, obtaining consent of the individuals to whom the personal data relates, providing information to individuals regarding data processing activities, implementing safeguards to protect the security and confidentiality of personal data, providing notification of data breaches (initially to supervisory authorities and, if the breach is

serious enough, to individuals), and taking certain measures when engaging third- party processors. The GDPR also imposes strict rules on the transfer of personal data to countries outside the EEA, including the United States, and permits data protection authorities to impose large penalties for violations of the GDPR, including potential fines of up to € 20 million or 4 % of annual global revenues, whichever is greater, for the most serious of violations. The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. In addition, the GDPR includes restrictions on cross- border data transfers. Certain aspects of cross- border data transfers under the GDPR are uncertain as the result of legal proceedings in the EU **. Case law from** ~~, including a July 2020 decision by~~ the Court of Justice ~~for~~ **of** the European Union, or CJEU, **states** that ~~invalidated~~ **reliance on the standard contractual clauses, or EU SCCs, a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism, alone may not be sufficient in all circumstances and that transfers must be assessed on a case- by- case basis. On October 7, 2022, President Biden signed an Executive Order on " Enhancing Safeguards for United States Intelligence Activities " that introduced new redress mechanisms and binding safeguards to address the concerns raised by the CJEU in relation to data transfers from the EEA to the U. S. and which formed the basis of** the EU- U. S. **Data** Privacy **Framework** ~~Shield and~~ **, or DPF** ~~to some extent~~ **, as released on December 13, 2022. The** ~~called into question the efficacy and legality of using standard contractual clauses approved by the~~ European Commission **adopted an adequacy decision regarding the DPF on July 10** , ~~or~~ **2023, rendering the DPF effective as a GDPR transfer mechanism to U. S. entities self- certified under the DPF. We currently rely on the EU** SCCs **and** ~~. To address certain concerns of~~ the ~~CJEU,~~ **UK Addendum to** the **EU** ~~European Commission issued revised~~ SCCs ~~in June 2021 that are required~~ to **transfer personal data outside** ~~be implemented. Regulatory guidance and other -- the developments relating~~ **EEA and the UK, including** to ~~cross- border~~ **the U. S., with respect to both intragroup and third party transfers. We expect legal complexity and uncertainty regarding international** personal data transfers **to continue. In particular** , **we expect** ~~including the necessity of putting in place those --~~ **the DPF' s adequacy decision** ~~revised SCCs and UK SCCs, as discussed below, may increase the complexity of transferring personal data across borders and may require us~~ to **be challenged** ~~engage in additional contractual negotiations~~ and **international** ~~to modify our policies and practices relating to the transfer~~ **transfers to the U. S.** and **to** other ~~processing of personal data~~ **jurisdictions to continue to be subject to enhanced scrutiny by regulators** . The GDPR increased our responsibility and liability in relation to personal data that we process where such processing is subject to the GDPR, and we may be required to put in place additional mechanisms to ensure compliance with the GDPR, including as implemented by individual countries. In the ~~United Kingdom, or~~ UK ~~,~~ the Data Protection Act of 2018 is effective along with a version of the GDPR referred to as the UK GDPR. Collectively, the Data Protection Act of 2018 and the UK GDPR authorize significant fines, up to the greater of £ 17. 5 million or 4 % of global turnover, and expose us to two parallel regimes and other potentially divergent enforcement actions for certain violations. Further, aspects of data protection in the UK remain uncertain. On June 28, 2021, the European Commission issued an adequacy decision under the GDPR and the Law Enforcement Directive, pursuant to which personal data generally may be transferred from the EU to the UK without restriction; however, this adequacy decision is subject to a four- year " sunset " period, after which the European Commission' s adequacy decision may be renewed, and this decision may be revoked or modified in the interim. Additionally, on February 2, 2022, the UK' s Information Commissioner' s Office issued new standard contractual clauses to support personal data transfers out of the UK, or the UK SCCs. The UK SCCs became effective March 21, 2022 and, similar to the EU SCCs, are required to be implemented. **On October 12, 2023, the UK Extension to the DPF came into effect as a UK GDPR data transfer mechanism to U. S. entities self- certified under the UK Extension to the DPF.** We may, in addition to other impacts, experience additional costs associated with increased compliance burdens and be required to engage in new contract negotiations with third parties that aid in processing personal data on our behalf or localize certain personal data. Other jurisdictions also increasingly maintain laws and regulations addressing privacy, data protection, and information security. We may incur liabilities, expenses, costs, and other operational losses under GDPR and local laws of applicable EU member states, Switzerland, the UK, and other regions in connection with any measures we take to comply with them. Working to comply with the GDPR and other laws and regulations to which we are subject in Europe and other regions outside the United States relating to privacy, data protection, and information security will be a rigorous and time- intensive process that may increase our cost of doing business or require us to change our business practices, and despite those efforts, there is a risk that we may be subject to fines and penalties, litigation, and reputational harm in connection with our activities in those regions. In addition, in California, the California Consumer Privacy Act, or CCPA **,** 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 in data breach situations. ~~While it exempts some data regulated by HIPAA and certain clinical trial data, the CCPA, to the extent applicable to our business and operations, may increase our compliance costs and potential liability with respect to other personal information we collect about California residents.~~ The CCPA went into effect on January 1, 2020, and the California Attorney General commenced enforcement actions for violations on July 1, 2020. Moreover, the California Privacy Rights Act, or CPRA **,** was approved by California voters in the November 3, 2020 election. The CPRA significantly modified the CCPA **and became effective** ~~, creating obligations beginning on~~ January ~~1, 2022, with enforcement anticipated to commence July~~ 1, 2023. The CPRA creates further uncertainty and may require us to incur additional costs and expenses. The CCPA and CPRA could mark the beginning of a trend toward more stringent privacy legislation in the United States. The CCPA has prompted a number of proposals for federal and state privacy legislation. For example, ~~in March 2021~~ **Colorado, Utah** , Virginia **and Connecticut all have** enacted **general** ~~the Virginia Consumer Data Protection Act, or CDPA, a comprehensive~~ privacy ~~statute~~ **legislation** that **has** ~~became~~ **become , or will become,** effective **in** ~~on January 1,~~ 2023 ~~.~~

~~In addition~~ , **Florida** ~~on July 7~~ , ~~2021~~ **Montana** , ~~Colorado~~ **Oregon, and Texas have** enacted **general** ~~the Colorado Privacy~~ **privacy legislation that** ~~Act, or CPA, which~~ becomes effective **in** ~~July 1, 2023~~ **2024 ; Delaware** , **Iowa** ~~on March 24~~ , ~~2022, Utah~~ **New Jersey and Tennessee have** enacted **similar legislation that** ~~the Utah Consumer Privacy Act, or UCPA, which~~ becomes effective **in** ~~December 31, 2023~~ **2025** ~~,~~ **;** and **Indiana has** ~~on May 10, 2022, Connecticut~~ enacted **similar legislation that** ~~the Act Concerning Personal Data Privacy and Online Monitoring, also known as the Connecticut Data Privacy Act or CTDPA, which~~ becomes effective **in** ~~July 1, 2023~~ **2026** ~~. The CDPA, CPA, UCPA, and CTDPA are comprehensive privacy statutes that share similarities with the CCPA and CPRA~~ . The U. S. federal government also is contemplating federal privacy legislation. **Several states have enacted laws that provide additional protection to consumer health data, including Washington, which enacted the My Health, My Data Act, which, among other things, provides for a private right of action, and Nevada and Connecticut, which have enacted similar laws. While certain of these laws exempt some data regulated by HIPAA and certain clinical trial data, they may increase our compliance costs and potential liability.** These and other new laws that may be proposed or enacted could **require us to modify our policies and practices and may** increase our potential liability and adversely affect our business. 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. Any actual or alleged failure to comply with U. S. or international laws and regulations relating to privacy, data protection, and data security could result in governmental investigations, proceedings and enforcement actions (which could include civil or criminal penalties), private litigation or adverse publicity, harm to our reputation, 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 or impose other obligations or restrictions in connection with our use, retention and other processing of information, and we may otherwise face contractual restrictions applicable to our use, retention, and other processing of 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. Our ability to obtain services, reimbursement, or funding from the federal government may be impacted by possible reductions in federal spending. The U. S. federal budget remains in flux and could, among other things, cut Medicare payments to providers. The Medicare program is frequently mentioned as a target for spending cuts. The full impact on our business of any future cuts in Medicare or other programs is uncertain. We cannot predict the extent of legislative, executive, and administrative actions of the Biden administration will have on us and the biopharmaceutical industry as a whole. If federal spending is reduced, anticipated budgetary shortfalls may also impact the ability of relevant agencies such as the FDA or the National Institutes of Health to continue to function at current levels. Amounts allocated to federal grants and contracts may be reduced or eliminated. These reductions may also impact the ability of relevant agencies to timely review and approve drug research and development, manufacturing, and marketing activities, which may delay our ability to develop, market, and sell any therapeutics we may develop **. Disruptions at the FDA, the SEC and other government agencies caused by funding shortages or global health concerns could hinder their ability to hire and retain key leadership and other personnel, or otherwise prevent new or modified products from being developed, approved or commercialized in a timely manner or at all, 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, and other events that may otherwise affect the FDA' s ability to perform routine functions. 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 or approved by necessary government agencies, which would adversely affect our business. For example, in 2018 and 2019, the U. S. government shut down several times and certain regulatory agencies, such as the FDA and the SEC, had to furlough critical employees and stop critical activities. If a prolonged government shutdown or other disruption occurs, or if global health or other concerns continue to prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities in a timely manner, 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 or delays could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations** . If any of our therapeutic candidates receives marketing approval and we or others later identify undesirable side effects caused by the therapeutic product, our ability to market and derive revenue from the therapeutic products could be compromised. In the event any of our therapeutic candidates receive regulatory approval and we or others identify undesirable side effects, adverse events, or other problems caused by one of our therapeutics, any of the following adverse events could occur, which could result in the loss of significant revenue to us and materially and adversely affect our results of operations and business: • regulatory authorities may withdraw their approval of the product and require us to take the product off the market or seize the product; • we may need to recall the therapeutic or change the way the therapeutic is administered to patients; • additional restrictions may be imposed on the marketing and promotion of the particular therapeutic or the manufacturing processes for the therapeutic or any component thereof; • we may not be able to secure or maintain adequate coverage and reimbursement for our proprietary therapeutic products from government (including U. S. federal health care programs) and private payors; • we may lose or see adverse alterations to compendia listings or treatment protocols specified by ~~ACOs~~ **accountable care organizations** ; • we may

be subject to fines, restitution, or disgorgement of profits or revenues, injunctions, or the imposition of civil penalties or criminal prosecution; • regulatory authorities may require the addition of labeling statements, such as a " black box " warning, or equivalent, or a contraindication; • regulatory authorities may require us to implement a REMS plan, or to conduct post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the product; • we may be required to create a Medication Guide outlining the risks of such side effects for distribution to patients; • we could be sued and held liable for harm caused to patients; • the therapeutic may become less competitive; and • our reputation may suffer. Our therapeutic candidates for which we intend to seek approval as biologic products may face competition sooner than anticipated. The Patient Protection and ACA, signed into law in 2010, includes a subtitle called the BPCIA, which created an abbreviated approval pathway for biological products that are biosimilar to or interchangeable with an FDA- licensed reference biological product. Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date that the reference product was first licensed by the FDA. In addition, the approval of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first licensed. During this 12- year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a full BLA for the competing product containing the sponsor' s own preclinical data and data from adequate and well- controlled clinical trials to demonstrate the safety, purity and potency of their product. The law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation, and meaning are subject to uncertainty. While it is uncertain when such processes intended to implement BPCIA may be fully adopted by the FDA, any such processes could have a material adverse effect on the future commercial prospects for our biological products. We believe that any of our therapeutic candidates approved as a biological product under a BLA should qualify for the 12- year period of exclusivity. However, there is a risk that this exclusivity could be shortened due to congressional action or otherwise, or that the FDA will not consider our therapeutic candidates to be reference products for competing products, potentially creating the opportunity for generic competition sooner than anticipated. Other aspects of the BPCIA, some of which may impact the BPCIA exclusivity provisions, have also been the subject of recent litigation. Moreover, the extent to which a biosimilar, once approved, will be substituted for any one of our reference products in a way that is similar to traditional generic substitution for non- biological products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing. Risks Related to Ownership of Our Common Stock Our stock price may be volatile, and an active, liquid, and orderly trading market may not ~~develop~~ **be maintained** for our common stock. As a result, stockholders may not be able to resell shares at or above their purchase price. Although our common stock is listed on the Nasdaq Global Market, an active trading market for our common stock may not be sustained. The lack of an active market may impair the ability of our stockholders to sell their shares at the time they wish to sell them or at a price that they consider reasonable, which may reduce the fair market value of their shares. Further, an inactive market may also impair our ability to raise capital by selling our common stock should we determine additional funding is required. The market price of our common stock could be subject to significant fluctuations. Market prices for securities of early- stage pharmaceutical, biotechnology, and other life sciences companies have historically been particularly volatile. Some of the factors that may cause the market price of our common stock to fluctuate include: • our and our collaborators' ability to obtain regulatory approvals for product candidates, and delays or failures to obtain such approvals; • the failure of any of our product candidates, if approved, to achieve commercial success; • issues in manufacturing our approved products, if any, or product candidates; • the results of current, and any future, preclinical or clinical trials of our product candidates; • our ability to achieve development milestones and receive associated milestone payments pursuant to the terms of our collaboration agreements; • the entry into, or termination of, key agreements, including key licensing, collaboration or acquisition agreements; • the initiation of, **or** material developments in, or conclusion of ~~,~~ litigation to enforce or defend any of our intellectual property rights or defend against the intellectual property rights of others; • announcements by commercial partners or competitors of new commercial products, clinical progress (or the lack thereof), significant contracts, commercial relationships, or capital commitments; • adverse publicity relating to our markets, including with respect to other products and potential products in such markets; • adverse publicity about our company, employees, therapeutic candidates, and / or therapeutic products in the media or on social media; • the impact of ~~COVID- 19~~ **pandemics, other health epidemics and outbreaks** on our company or the economy generally; • the introduction of technological innovations or new therapies competing with our potential products; • the loss of key employees; • changes in estimates or recommendations by securities analysts, if any, who cover our common stock; • general and industry- specific economic conditions potentially affecting our research and development expenditures; • changes in the structure of health care payment systems; • unanticipated serious safety concerns related to the use of any of our product candidates; • failure to meet or exceed financial and development projections we may provide to the public; • failure to meet or exceed the financial and development projections of the investment community; • the perception of the pharmaceutical industry by the public, legislators, regulators, and the investment community; • adverse regulatory decisions; • disputes or other developments relating to proprietary rights, including patents, litigation matters, and our ability to obtain patent protection for our technologies; • threats of, commencement of, or our involvement in, litigation; • sales of our common stock by us or our stockholders in the future; • trading volume of our common stock; • additional instability in the domestic or global banking system; • period- to- period fluctuations in our financial results; and • the other factors described in this " Risk Factors " section. Moreover, the stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of individual companies or the biotechnology sector. These broad market fluctuations may also adversely affect the trading price of our common stock. In the past, following periods of volatility in the market price of a company' s securities, stockholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm our business and reputation. Our officers and directors, and their respective affiliates, have significant influence over our business affairs and may make business decisions with which

stockholders disagree and which may adversely affect the value of their investment. Our executive officers and directors together with their respective affiliates, beneficially own approximately ~~43~~ **34** % of our common stock as of December 31, ~~2022~~ **2023** . As a result, if some of these persons or entities act together, they will have the ability to exercise significant influence over matters submitted to the stockholders for approval, including the election of directors, amendments to the certificate of incorporation and bylaws and the approval of any strategic transaction requiring the approval of the stockholders. These actions may be taken even if they are opposed by other stockholders. This concentration of ownership may also have the effect of delaying or preventing a change of control of our company or discouraging others from making tender offers for our shares, which could prevent our stockholders from receiving a premium for their shares. Some of these persons or entities who make up our principal stockholders may have interests different from other stockholders. The significant concentration of stock ownership may adversely affect the trading price of our common stock due to investors' perception that conflicts of interest may exist or arise. Future sales, or the perception of future sales, of a substantial amount of our common stock could depress the trading price of our common stock. Our stock price could decline as a result of sales of a large number of shares of our common stock or the perception that these sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. For example, in connection with our ~~July 2020 private placement, we entered into a registration rights agreement with the private placement investors that required us to prepare and file a resale registration statement, which was declared effective by the SEC on August 18, 2020 and permits the resale by the private placement investors of approximately 5. 1 million shares of our common stock as well as approximately 2. 6 million shares of common stock issuable upon the exercise of prefunded warrants and warrants issued in the July 2020 private placement. Additionally, in connection with our~~ September 2021 private placement, we entered into a registration rights agreement with the private placement investors that required us to prepare and file a resale registration statement, which was declared effective by the SEC on November 19, 2021 and permits the resale by the private placement investors of approximately 6. 5 million shares of our common stock as well as approximately 3. 2 million shares of common stock issuable upon the exercise of prefunded warrants issued in the September 2021 private placement. We have in the past and may again in the future sell shares of our common stock to strategic partners in connection with collaboration agreements, as we did in December 2021 in connection with our agreement with ~~Horizon~~ **Amgen** . The shares subject to outstanding options and warrants ~~, of which options and warrants (including prefunded warrants) to purchase 4. 0 million shares and 8. 8 million shares, respectively, were exercisable as of December 31, 2022,~~ and the shares reserved for future issuance under our equity incentive plans will become available for sale immediately upon the exercise of such options **and warrants. As of December 31, 2023, we had exercisable options and warrants (including prefunded warrants) to purchase 4. 5 million shares and 8. 5 million shares, respectively. Between December 31, 2023 and the date of this report, warrants to purchase 5. 5 million shares were exercised and, as of the date of this report, warrants to purchase 2. 9 million shares remain outstanding, which are predominantly prefunded warrants** . We also register the offer and sale of all shares of common stock that we may issue under our equity incentive plans. Once we register the offer and sale of shares for the holders of registration rights and option holders, they can be freely sold in the public market upon issuance, subject to any related lock- up agreements or applicable securities laws. **Our equity incentive plan also includes an evergreen provision, pursuant to which the share reserve used to make equity grants under such plan automatically increases on the first day of each calendar year unless our board of directors takes action to prevent the increase prior to such date. We believe this evergreen provision is an important feature of our equity incentive plan as it enables us to hire and retain key contributors to our business. If we continue to expand the size of our organization to advance the development of our product candidates, our existing share reserve and evergreen provision under our current equity incentive plan may be insufficient to support our growth plans and we may need to consider amendments to such equity incentive plan to provide additional flexibility for our hiring and retention plans. Any increase to the share reserve in the future would further dilute existing stockholders. Certain of our executive officers and directors have already entered into Rule 10b5- 1 trading plans and our executive officers and directors may enter into new or additional Rule 10b5- 1 trading plans in the future. Under a Rule 10b5- 1 trading plan, a broker executes trades pursuant to parameters established by the employee, director, or officer when entering into the plan, without further direction from the employee, officer, or director.** In addition, in the future, we may issue additional shares of common stock or other equity or debt securities convertible into common stock in connection with a financing, acquisition, litigation settlement, employee arrangements or otherwise. Any such future issuance **, including any additional issuances pursuant to our " at- the- market " equity offering sales agreement with TD Cowen,** could result in substantial dilution to our existing stockholders and could cause our stock price to decline. We have broad discretion over the use of the proceeds to us from our financing activities and may apply the proceeds to uses that do not improve our operating results or the value of your securities. We have broad discretion over the use of proceeds to us from our financing activities and our stockholders rely solely on the judgment of our board of directors and management regarding the application of these proceeds. Our use of proceeds may not improve our operating results or increase the value of our common stock. Any failure to apply these proceeds effectively could have a material adverse effect on our business, delay the development of our product candidates and cause the market price of our common stock to decline. Anti- takeover provisions in our charter documents and under Delaware or Washington law could discourage, delay or prevent a change in control of our company, limit attempts by our stockholders to replace or remove our current management and may affect the trading price of our common stock. Our corporate documents contain provisions that may delay or discourage transactions involving an actual or potential change in our control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our stock. Among other things, our certificate of incorporation and bylaws: • stagger the terms of our board of directors and require 66 and 2 / 3 % stockholder voting to remove directors, who may only be removed for cause; • provide that

the authorized number of directors may be changed only by resolution of the board of directors; • provide that all vacancies, including newly- created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum; • authorize our board of directors to issue " blank check " preferred stock and to determine the rights and preferences of those shares, which may be senior to our common stock, without prior stockholder approval; • establish advance notice requirements for nominating directors and proposing matters to be voted on by stockholders at stockholders' meetings; • prohibit our stockholders from calling a special meeting and prohibit stockholders from acting by written consent; • require 66 and 2 / 3 % stockholder voting to effect certain amendments to our certificate of incorporation and bylaws; and • prohibit cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, or DGCL, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any " interested " stockholder for a period of three years following the date on which the stockholder became an " interested " stockholder. Likewise, because our principal executive offices are located in Washington, the anti- takeover provisions of the Washington Business Corporation Act may apply to us under certain circumstances now or in the future. These provisions prohibit a " target corporation " from engaging in any of a broad range of business combinations with any stockholder constituting an " acquiring person " for a period of five years following the date on which the stockholder became an " acquiring person. " These provisions could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and cause us to take other corporate actions our stockholders desire. Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third- party claims against us and may reduce the amount of available cash. Our amended and restated certificate of incorporation provides that we will indemnify our directors **and officers** to the fullest extent permitted by Delaware law. In addition, as permitted by Section 145 of the DGCL, our amended and restated bylaws and our indemnification agreements that we have entered into with our directors and officers provide that: • We will indemnify our directors and officers for serving us in those capacities or for serving other business enterprises at our request, to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal proceeding, had no reasonable cause to believe such person' s conduct was unlawful. • We may, in our discretion, indemnify other employees and agents in those circumstances where indemnification is permitted by applicable law. • We are required to advance expenses, as incurred, to our directors and officers in connection with defending a proceeding, unless the proceeding is excluded pursuant to the amended and restated bylaws, except that such directors or officers shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification. • We will not be obligated pursuant to our amended and restated bylaws to indemnify any director or officer in connection with any proceeding (or part thereof) (a) for which payment has actually been made to such person, (b) for an accounting or disgorgement of profits pursuant to Section 16 (b) of the Exchange Act, (c) for any reimbursement of the Company by such person of any bonus or other incentive- based or equity- based compensation, (d) initiated by such person unless the proceeding was authorized in the specific case by our board of directors or such indemnification is required to be made pursuant to our amended and restated bylaws or applicable law, nor (e) if prohibited by applicable law. • The rights conferred in our amended and restated bylaws are not exclusive, and we are authorized to enter into indemnification agreements with our directors, officers, employees and agents and to obtain insurance to indemnify such persons. • We may not retroactively amend our amended and restated bylaw provisions to reduce our indemnification obligations to our directors or officers. As a result, if we are required to indemnify one or more of our directors or officers, it may reduce our available funds to satisfy successful third- party claims against us, may reduce the amount of available cash and may have a material adverse effect on our business and financial condition. Our amended and restated certificate of incorporation and our amended and restated bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents. Our amended and restated certificate of incorporation and / or our amended and restated bylaws provide that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, stockholders, employees or agents to us or our stockholders, any action asserting a claim arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws or any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein and the claim not being one which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery or for which the Court of Chancery does not have subject matter jurisdiction. Any person purchasing or otherwise acquiring any interest in any shares of our common stock shall be deemed to have notice of and to have consented to this provision of our amended and restated certificate of incorporation. In addition, our amended and restated bylaws provide that the U. S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. These choice of forum provision may limit our stockholders' ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and our directors, officers, employees and agents even though an action, if successful, might benefit our stockholders. Stockholders who do bring a claim in the Court of Chancery could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. The Court of Chancery may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments or

results may be more favorable to us than to our stockholders. Alternatively, if a court were to find these choice of forum provisions in our amended and restated certificate of incorporation and amended and restated bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could have a material adverse effect on our business, financial condition or results of operations. We do not expect to pay any dividends on our common stock for the foreseeable future. We currently expect to retain all future earnings, if any, for future operations and expansion, and have no current plans to pay any cash dividends to holders of our common stock for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. As a result, stockholders may not receive any return on an investment in our common stock unless stockholders sell our common stock for a price greater than that which they paid for it. The Nasdaq Global Market may delist our common stock from its exchange, which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions. Our shares of common stock are listed on the Nasdaq Global Market under the trading symbol " ALPN. " Our securities may fail to meet the continued listing requirements to be listed on the Nasdaq Global Market. If Nasdaq delists our shares of common stock from trading on its exchange, we could face significant material adverse consequences, including: • significant impairment of the liquidity for our common stock, which may substantially decrease the market price of our common stock; • a limited availability of market quotations for our securities; • a determination that our common stock qualifies as a " penny stock " which will require brokers trading in our common stock to adhere to more stringent rules and possibly resulting in a reduced level of trading activity in the secondary trading market for our common stock; • a limited amount of news and analyst coverage for our company; and • a decreased ability to issue additional securities or obtain additional financing in the future. Risks Related to Our Financial Reporting and Disclosure We are a smaller reporting company, and any decision on our part to comply only with reduced reporting and disclosure requirements applicable to such companies could make our common stock less attractive to investors. We are a " smaller reporting company, " as defined in the Securities Exchange Act of 1934, as amended, or the Exchange Act. For as long as we continue to be a smaller reporting company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies that are not smaller reporting companies, including, but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We will remain a smaller reporting company so long as, as of June 30 of the preceding year, (i) the market value of our shares of common stock held by non- affiliates, or our public float, is less than $ 250 million; or (ii) we have annual revenues less than $ 100 million and either we have no public float or our public float is less than $ 700 million. **We anticipate that we may lose our smaller reporting company status at the end of 2024.** If we take advantage of some or all of the reduced disclosure requirements available to smaller reporting companies, investors may find our common stock less attractive, which may result in a less active trading market for our common stock and greater stock price volatility. For so long as we are a smaller reporting company and not classified as an " accelerated filer " or " large accelerated filer " pursuant to SEC rules, we will continue to be exempt from the auditor attestation requirements of Section 404 (b) of Sarbanes- Oxley. If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired. We are subject to the reporting requirements of the Exchange Act, the Sarbanes- Oxley Act and the rules and regulations of The Nasdaq Stock Market LLC. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We must perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal controls over financial reporting in our Annual Report on Form 10- K filing for that year, as required by Section 404 of the Sarbanes- Oxley Act. We may discover weaknesses in our system of internal financial and accounting controls and procedures that could result in a material misstatement of our financial statements. Our internal control over financial reporting will not prevent or detect all errors and all fraud. An internal control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the internal control system' s objectives will be met. Because of the inherent limitations in all internal control systems, no evaluation of internal controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all internal control issues and instances of fraud will be detected. If we are not able to comply with the requirements of Section 404 of the Sarbanes- Oxley Act, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. If that were to happen, the market price of our common stock could decline and we could be subject to sanctions or investigations by The Nasdaq Stock Market LLC, the SEC, or other regulatory authorities. Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud. Our disclosure controls and procedures are designed to reasonably ensure that information required to be disclosed by us in reports we file or submits under the Exchange Act is accumulated and communicated to management and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures as well as internal controls and procedures, no matter how well- conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are and will be met. These inherent limitations include the realities that judgments in decision- making can be faulty and that breakdowns can occur because of 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 an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected. We will continue to incur costs and demands upon management as a result of complying with the laws and regulations affecting public companies. We will incur significant legal, accounting, and other expenses associated with public company reporting requirements. We will also incur costs associated with corporate governance requirements, including requirements under the Sarbanes- Oxley Act, as well as new rules implemented by the SEC and The Nasdaq Stock Market LLC. Although our status as a smaller reporting company may for

a limited period of time somewhat lessen the cost of complying with these additional regulatory and other requirements, we nonetheless expect that these rules and regulations will increase our legal and financial compliance costs and to make some activities more time- consuming and costlier. **Once we cease to be a smaller reporting company, our costs are likely to increase further.** Our executive officers and other personnel will need to devote substantial time to oversee our operations as a public company and compliance with applicable laws and regulations. These rules and regulations may also make it difficult and expensive for us to obtain directors and officer' s liability insurance. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as executive officers of our company, which may adversely affect investor confidence in us and could cause our business or stock price to suffer. General Risk Factors Changes in accounting rules and regulations, or interpretations thereof, could result in unfavorable accounting charges or require us to change our compensation policies. Accounting methods and policies for biopharmaceutical companies, including policies governing revenue recognition, research and development and related expenses, and accounting for stock- based compensation, are subject to review, interpretation, and guidance from our auditors and relevant accounting authorities, including the SEC. Changes to accounting methods or policies, or interpretations thereof, may require us to reclassify, restate, or otherwise change or revise our financial statements. Environmental, social and governance matters may impact our business and reputation. Companies are increasingly being judged by their performance on a variety of environmental, social and governance, or ESG, matters, which are considered to contribute to the long- term sustainability of companies' performance. A variety of organizations measure the performance of companies on such ESG topics, and the results of these assessments are widely publicized. In addition, investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. Topics considered in such assessments include, among others, the role of the company' s board of directors in supervising various ESG issues and board diversity. In light of investors' increased focus on ESG matters, there can be no certainty that we will manage such issues successfully, or that we will successfully meet expectations as to our proper role. Any failure or perceived failure by us in this regard could have a material adverse effect on our reputation and on our business, share price, financial condition, or results of operations, including the sustainability of our business over time. If equity research analysts do not publish research or reports, or publish unfavorable research or reports, about us, our business or our market, our stock price and trading volume could decline. The trading market for our common stock will be influenced by the research and reports that equity research analysts publish about us and our business. Equity research analysts may elect not to provide research coverage of our common stock or discontinue existing research coverage, and such lack of research coverage may adversely affect the market price of our common stock. We do not have any control over the analysts, or the content and opinions included in their reports. The price of our common stock could decline if one or more equity research analysts downgrade our stock or issue other unfavorable commentary or research. If one or more equity research analysts ceases coverage of us or fails to publish reports regularly, demand for our common stock could decrease, which in turn could cause our stock price or trading volume to decline.