Risk Factors Comparison 2024-03-29 to 2023-03-29 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

~~Our business~~ **Investing in our common stock** involves ~~significant~~ **a high degree of** ~~risks~~ **risk** ~~, some of which are described below~~. ~~You~~ **Before you invest in our common stock, you** should carefully consider the risks described below together with all of the other information contained in this Annual Report, including our financial statements and the related notes and the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations. " The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations ~~,~~ and growth prospects. Unless otherwise indicated, references in these risk factors to our business being harmed will include harm to our business, reputation, financial condition, results of operations, and prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. ~~Risks~~ **Risk** ~~Related~~ **Factors Summary** **Investing in shares of our common stock involves a high degree of risk because our business is subject** to **numerous risks** ~~Our Financial Position~~ and ~~Capital Needs~~ **uncertainties, as fully described below. The principal factors and uncertainties that make investing in shares of our common stock risky include, among others: •** We are a clinical- stage biopharmaceutical company with a limited operating history and no products approved for commercial sale. We have incurred significant losses since our inception. We expect to incur losses over the next several years and may never achieve or maintain profitability. **• We require substantial additional funding to meet our financial needs and to pursue our business objectives. If we are unable to raise capital when needed, we could be forced to delay, reduce, or altogether cease our current and future product development programs or future commercialization efforts. • We depend to a large degree on the success of epetraborole. If we do not obtain regulatory approval for and successfully commercialize epetraborole or any of our other product candidates, or if we experience significant delays in doing so, we may never become profitable. • If clinical trials of epetraborole or any other product candidate that we may advance to clinical trials fail to demonstrate safety, tolerability and / or efficacy to the satisfaction of the U. S. Food and Drug Administration (" FDA "), Japan' s Pharmaceuticals and Medical Devices Agency (" PMDA ") or other comparable regulatory authorities, or do not otherwise produce favorable results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of epetraborole or any other product candidate. • The data we have collected and continue to collect in our Phase 1 programs, from our Phase 2 / 3 clinical trial, and from future trials in NTM, may not support continued clinical investigation due to insufficient clinical or microbiological responses or occurrence of adverse safety events or may lead to adjustments in trial design, rendering it not feasible to conduct or not acceptable to the FDA or to us. • If we experience further delays or difficulties in the enrollment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented. • We rely on single- sourced third parties to conduct the preclinical and nonclinical studies, clinical trials and manufacture of our clinical trial material for epetraborole and our other product candidates, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such studies, trials and manufacturing services or failing to comply with applicable regulatory requirements. • Even if epetraborole or any of our other product candidates receives regulatory approval, they may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success. If we are unable to establish sales, marketing and distribution capabilities for epetraborole or our other product candidates, or enter into sales, marketing and distribution agreements with third parties, we may not be successful in commercializing our product candidates, if and when they are approved. • We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do. • We operate with a small team and our future success depends on our ability to retain key executives and to attract, retain, and motivate qualified personnel. • We have identified material weaknesses in our internal control over financial reporting. If we are unable to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business. • Our rights to develop and commercialize our technology, epetraborole and our other product candidates are subject, in large part, to the terms and conditions of licenses granted to us by others, including Anacor. If we fail to comply with our obligations in the agreements under which we in- license or acquire development or commercialization rights to products, technology or data from third parties, we could lose such rights that are important to our business. • If we are unable to obtain and maintain patent and other intellectual property protection for our technology, or for epetraborole or our other product candidates, or if the scope of the patent and other intellectual property protection obtained is not sufficiently broad, our competitors could develop and commercialize technology and drugs similar or identical to ours, and our ability to successfully commercialize our technology and product candidates may be impaired. • If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals, we will not be able to commercialize epetraborole or our other product candidates, and our ability to generate revenue will be materially impaired. • Future legislation, and / or regulations and policies adopted by the FDA, the PMDA or comparable regulatory authorities, may increase the time and cost required for us to conduct and complete clinical trials of epetraborole or other product candidates. • The trading price of our common stock may be volatile. Risks Related to Our Financial Position and Capital Needs**

Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. We are a clinical- stage biopharmaceutical company with a limited operating history upon which you can evaluate our business and prospects. We currently have no products approved for commercial sale, have not generated any revenue from the sale of products and have incurred losses in each year since our inception in 2017. In addition, we have limited experience as a company and have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the biopharmaceutical industry. Our initial product candidate, epetraborole, is currently in clinical development. Our net loss was $ **64. 7 million and $** 41. 0 ~~million and $ 21. 5~~ million for the year ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. As of December 31, ~~2022~~ **2023** , we had an accumulated deficit of $ ~~89~~ **154** . ~~7~~ **5** million. We have funded our operations to date primarily with proceeds from our **underwritten** ~~initial public~~ offering (**the" Underwritten Offering), our** " ~~IPO~~ **at- the- market " equity offering program (" ATM Offering** ") **, our IPO** and the sale of our redeemable convertible preferred stock. We have devoted substantially all of our financial resources and efforts to research and development, including preclinical **and nonclinical** studies, manufacturing, clinical trials ~~,~~ and general and administrative costs associated with our operations ~~. We have initiated Phase 2 / 3 clinical development of epetraborole, and we have not completed development of any product candidates~~ . We expect to continue to incur significant expenses and operating losses over the next several years. Our net losses may fluctuate significantly from quarter to quarter and year to year. We anticipate that our expenses will increase substantially as we: • continue our ongoing and planned preclinical, nonclinical ~~,~~ and clinical development of epetraborole **and our other product candidates** ; • initiate preclinical and nonclinical studies and clinical trials for product candidates that we may pursue in the future; • seek to discover and develop future product candidates; • seek regulatory approvals for epetraborole and any of our ~~future~~ **other** product candidates that successfully complete clinical trials; • ultimately establish sales, marketing ~~,~~ and distribution infrastructure and scale up external manufacturing capabilities as we move into later- stage clinical trials **for epetraborole** and look to commercialize any product candidate for which we may obtain regulatory approval and intend to commercialize on our own; • maintain, expand ~~,~~ and protect our intellectual property portfolio; • hire additional clinical, scientific, chemistry, manufacturing ~~,~~ and controls personnel; • add operational, financial, ~~and~~ management ~~,~~ and compliance information systems and personnel, including personnel to support our product development and ~~planned~~ **any** future commercialization efforts; and • incur ~~additional~~ legal, accounting, information systems ~~,~~ and other expenses associated with operating as a public company. To become and remain profitable, we must succeed in developing and eventually commercializing drugs that generate significant revenue. This will require us to be successful in a range of challenging activities, including completing preclinical and nonclinical studies and clinical trials of epetraborole and any ~~future~~ **other** product candidates, obtaining regulatory approval, manufacturing, marketing ~~,~~ and selling any products for which we may obtain regulatory approval, as well as discovering and developing additional product candidates. We are only in the preliminary stages of most of these activities. We may never succeed in these activities and, even if we do, may never generate revenues that are significant enough to achieve profitability. Because of the numerous risks and uncertainties associated with drug development, we are unable to accurately predict the timing or amount of expenses or when, or if, we will be able to achieve profitability. If we are required by regulatory authorities to perform studies in addition to those currently expected, or if there are ~~any~~ **further** delays in the initiation and completion of our clinical trials or the development of epetraborole and any of our ~~future~~ **other** product candidates, our expenses could increase. Even if we achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would depress the value of our common stock and could impair our ability to raise capital, expand our business, maintain our research and development efforts, or continue our operations. A decline in the value of our common stock could also cause you to lose all or part of your investment. Our limited operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability. We commenced active operations in November 2019, and our operations to date have been largely focused on raising capital, developing epetraborole, broadening our expertise in the development of epetraborole, undertaking preclinical and nonclinical studies, manufacturing clinical trial material, preparing for and initiating clinical trials, and general and administrative operations. As a company, we have not yet demonstrated an ability to successfully complete pivotal clinical trials, obtain regulatory approvals, manufacture a commercial product or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful commercialization. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we had a longer operating history. We **have and** may encounter unforeseen expenses, difficulties, complications, delays ~~,~~ and other known or unknown factors in achieving our business objectives. We will need to transition successfully at some point from a company with a research and development focus to a company capable of supporting commercial activities. We may not be successful in such a transition. We expect our financial condition and operating results to continue to fluctuate significantly from quarter to quarter and year to year due to a variety of factors, many of which are beyond our control. Accordingly, you should not rely upon the results of any quarterly or annual periods as indications of future operating performance. We require substantial additional funding to meet our financial needs and to pursue our business objectives. If we are unable to raise capital when needed, we could be forced to delay, reduce ~~,~~ or altogether cease our current and future product development programs or future commercialization efforts. We believe that our existing cash, cash equivalents and investments will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months. However, we will need to obtain substantial additional funding in connection with our continuing operations and planned activities. Our future capital requirements will depend on many factors, including: • the timing, progress ~~,~~ and results of our ongoing and future clinical trials of epetraborole ~~; •~~ **and our** ~~the~~ **other** ~~costs, timing, and outcome of regulatory review of epetraborole and any of our future~~ product candidates; • the **costs, timing and outcome of regulatory review of epetraborole and any of our other product candidates that may complete clinical development; • the** scope, progress, results ~~,~~ and costs of identifying, obtaining ~~,~~ and conducting preclinical development, laboratory testing ~~,~~ and clinical trials of

future product candidates that we may pursue; • the cost and timetable of manufacturing processes for development, clinical trials ~~,~~ and potential commercial use; • the number and development requirements of future product candidates that we may pursue; • the amount of funding that we receive under our non- dilutive funding opportunities, including government awards that we may apply for; • the costs and timing of future commercialization activities, including product manufacturing, marketing, sales ~~,~~ and distribution, for epetraborole ~~or~~ **and** any ~~future~~ **other** product candidates that receive ~~marketing~~ **regulatory** approval **, if any** ; • the pricing and revenue, if any, received from commercial sales of epetraborole or any ~~future~~ **other** product candidates that receive ~~marketing~~ **regulatory** approval; • the costs and timing of preparing, filing ~~,~~ and prosecuting patent applications, maintaining and enforcing our intellectual property rights, and defending any intellectual property- related claims; • the costs of operating as a public company; and • the extent to which we acquire or in- license other product candidates and technologies. Identifying potential product candidates and conducting preclinical testing and clinical trials is a time- consuming, expensive ~~,~~ and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain regulatory approval and achieve product sales. In addition, epetraborole and any of our ~~future~~ **other** product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of drugs that we do not expect to be commercially available for several years, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or altogether cease our research and development programs or **any** future commercialization efforts. Raising additional capital may cause dilution to our stockholders, restrict our operations ~~,~~ or require us to relinquish rights to our technologies or to epetraborole or any of our ~~future~~ **other** product candidates. Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings and debt financings. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures ~~,~~ or declaring dividends. If we raise additional funds through collaborations, strategic alliances ~~,~~ or marketing, distribution ~~,~~ or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies, future revenue streams, research programs ~~,~~ or epetraborole or any ~~future~~ **other** product candidates, or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce ~~,~~ or terminate our development of epetraborole or any ~~future~~ **other** product candidate or future commercialization efforts or grant rights to a third party to develop and market product candidates that we would otherwise prefer to develop and market ourselves. We have a contractual commitment to develop epetraborole for global health initiatives, which may affect our ability to develop and commercialize epetraborole in certain countries and may impact our intellectual property rights. Our strategy for our global health initiatives depends on receiving non- dilutive funding, and we as a company have limited experience with this strategy. Under our Global Health Agreement with Adjuvant, we have a contractual commitment to use reasonably diligent endeavors to develop epetraborole and any other mutually agreed- upon products for melioidosis, tuberculosis ~~,~~ and other indications for at- risk developing countries at accessible pricing and at reasonable volume, including selling epetraborole and any other mutually agreed- upon products in certain target countries at or slightly above the cost of sales, so long as we do not sell products at a loss. Under the Global Health Agreement, we made certain commitments to develop epetraborole and any other mutually agreed- upon products and to pursue regulatory strategies and product registrations. If we do not maintain compliance with these and other program- related global access commitments under the Global Health Agreement, Adjuvant may be entitled to repayment for any portion of its investment that is not used for the purposes outlined in the Global Health Agreement. Our obligations under the Global Health Agreement may affect our ability to commercialize epetraborole in certain countries. Our strategy for developing epetraborole for global health initiatives depends on receiving non- dilutive funding from sources such as public and private agencies and foundations. In September 2022, we received a cost- reimbursement contract award under which we are able to receive up to $ 17. 8 million from the NIAID to support preclinical, Phase 1 studies ~~,~~ and other activities to enable advancement of epetraborole into late- stage development for acute systemic melioidosis and other biothreat pathogens. **In addition, in September 2023, we entered into two cost- reimbursement contract awards with the University of Georgia Research Foundation (“ UGARF ”) and the Bill and Melinda Gates Foundation (“ BMGF ”) for the development of boron- containing small molecules for Chagas disease, and tuberculosis and malaria, respectively.** We, as a company, have limited experience with non- dilutive funding, and we may not be able to obtain additional non- dilutive funding to support our needs to fund our global health initiatives. For example, we cannot be certain that there will be additional awards, contracts, grants or funding sources or solicitations available to support our development efforts, that our other grant applications and funding proposals will be successful, or that we will be able to continue satisfying the award criteria of the NIAID contract award or any grants or funding awarded to us. If we fail to receive additional non- dilutive funding, progress in our global health initiatives may be impaired or delayed. Risks Related to the Development of Our Current and Future Product Candidates We depend to a large degree on the success of epetraborole, which is in clinical development, ~~but~~ **and** for which we ~~have not completed our pivotal~~ **recently paused enrollment in the Phase 3 part of the** Phase 2 / 3 ~~clinical trial~~ **study of treatment- refractory MAC lung disease** . If we do not obtain regulatory approval for and successfully commercialize epetraborole or any of our ~~future~~ **other** product candidates, or if we experience significant delays in doing so, we may never become profitable. We currently have no products approved for sale and have invested a significant portion of our efforts and financial resources on the development of our initial product candidate, epetraborole, as a treatment for ~~serious infections caused by~~ NTM lung disease

~~resulting from~~ **caused by** MAC bacteria. We expect that a substantial portion of our efforts and expenses over the next few years will be devoted to the development of epetraborole. As a result, our business currently depends heavily on the successful development, regulatory approval, and, if approved, commercialization of epetraborole or any of our ~~future~~ **other** product candidates. We cannot be certain that any product candidate will receive regulatory approval or will be successfully commercialized even if it receives regulatory approval. The research, development, manufacturing, safety, efficacy, labeling, approval, sale, marketing ~~,~~ and distribution of epetraborole or any of our ~~future~~ **other** product candidates are, and will remain, subject to comprehensive regulation by the FDA, the PMDA ~~, the EMA, the TGA,~~ and other comparable foreign regulatory authorities. ~~To date, we have completed three clinical trials, a Phase 1 dose- ranging study of epetraborole in Australia, a Phase 1 safety and pharmacokinetics study of oral epetraborole in healthy volunteers in Japan, and a Phase 1 renal impairment study in the United States. We are currently enrolling patients in a pivotal Phase 2 / 3 clinical study of epetraborole in the United States, and are planning on initiating two additional Phase 1 studies in 2023.~~ Before obtaining regulatory approvals for the commercial sale of epetraborole and any ~~future~~ **other** product candidates, we must demonstrate through preclinical and nonclinical studies and clinical trials that the product candidate is safe and effective for use in ~~the~~ **each** target indication. Drug development is a long, expensive ~~,~~ and uncertain process, and delay or failure can occur at any stage during our nonclinical studies, clinical trials ~~,~~ or drug product manufacturing process. These delays or failures could be caused by a variety of factors, including but not limited to, toxicity, safety, tolerability, efficacy, problems with clinical trial enrollment, drug product availability, stability, and impurity issues related to drug product manufacturing. **For example, in February 2024, we voluntarily paused enrollment of the Phase 3 portion of our ongoing Phase 2 / 3 clinical trial evaluating epetraborole in patients with treatment- refractory MAC lung disease after a blinded aggregate analysis of data from the Phase 2 portion of the trial suggested lower- than- anticipated efficacy results. There is no guarantee that we will be able to successfully resume enrollment and complete the study in the manner or on the timing that we expect. Even if we are able to complete our Phase 2 / 3 study, there is no guarantee that the study data will be sufficient to support an application seeking regulatory approval of epetraborole in treatment- refractory MAC lung disease.** Failure to obtain regulatory approval for epetraborole and our ~~future~~ **other** product candidates in the United States or other territories will prevent us from commercializing and marketing such product candidates. The success of epetraborole and our ~~future~~ **other** product candidates will depend on several additional factors, including: • successful **and timely** completion of preclinical and nonclinical studies and requisite clinical trials; • performing preclinical studies and clinical trials in compliance with the FDA, the PMDA ~~, the EMA, the TGA,~~ or any comparable regulatory authority requirements; • receipt of ~~marketing~~ **regulatory** approvals from applicable regulatory authorities; • the ability to manufacture sufficient quantity of product for development, clinical trials ~~,~~ or potential commercialization; • obtaining ~~marketing~~ **regulatory** approvals with labeling for sufficiently broad patient populations and indications, without unduly restrictive distribution limitations or safety warnings, such as black box warnings or a Risk Evaluation and Mitigation Strategies ~~, or~~ **(“** REMS ~~,~~ **”)** program; • obtaining and maintaining patent, trademark ~~,~~ and trade secret protection, and regulatory exclusivity for epetraborole and any ~~future~~ **other** product candidates; • making and retaining sufficient and reliable arrangements with third parties for manufacturing capabilities; • launching commercial sales of products, if and when approved; • acceptance of our therapies, if and when approved, by physicians, patients ~~,~~ and third- party payors; • competing effectively with other therapies; • obtaining and maintaining healthcare coverage and adequate reimbursement from third- party payors; • maintaining, protecting ~~,~~ and expanding our portfolio of intellectual property rights, including patents, trademarks, trade secrets ~~,~~ and know- how; • avoiding and defending against third- party infringement, misappropriation or other violation of intellectual property claims; • maintaining a continued acceptable safety and tolerability profile of our drugs following approval; and • ~~approval of our~~ **allowance to proceed with clinical trials under** future **investigational new drug applications (“** INDs **”), or under comparable applications submitted outside the United States**. If we do not achieve these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize epetraborole or any of our ~~future~~ **other** product candidates, which would harm our business. We may not be successful in our efforts to build a pipeline of product candidates. A key element of our strategy is to develop our AN2 drug discovery platform, build a pipeline of product candidates and progress these product candidates through clinical development for the treatment of serious infections (including different forms of NTM lung disease). We may not be able to develop product candidates that are safe and effective **for any proposed use**. Even if we are successful in continuing to build our pipeline, the potential product candidates that we identify may not be suitable for clinical development, as a result of significant safety, tolerability ~~,~~ and other negative characteristics or limitations that may prevent successful ~~marketing~~ **regulatory** approval or limit market acceptance or reimbursements from third- party payors. If we do not successfully develop and commercialize epetraborole and / or any ~~future~~ **other** product candidates, we will not be able to obtain product revenue in future periods, which could significantly harm our financial position and adversely affect the trading price of our common stock. Success in preclinical or nonclinical studies or initial clinical trials may not be indicative of results in future clinical trials. To support our clinical development strategy for epetraborole, we are relying, in part, on clinical data from prior clinical trials conducted by Anacor and GlaxoSmithKline plc which were not conducted in patients with NTM. Differences with these prior clinical trials evaluating epetraborole will limit our use of prior clinical data for epetraborole and our ability to support our ~~proposed~~ clinical trial plan for epetraborole with the FDA **, PMDA and other comparable foreign regulatory authorities**. Success in preclinical or nonclinical studies or initial clinical trials does not ensure that later clinical trials will generate the same results or otherwise provide adequate data to demonstrate the safety, tolerability, and efficacy of a product candidate. ~~These~~ **For example, certain prior** clinical trials **of epetraborole** were not conducted in patients with NTM lung disease nor were they conducted over durations greater than 14 days, shorter than the typical treatment of patients with NTM lung disease. Epetraborole and our ~~future~~ **other** product candidates may fail to show the desired safety, tolerability, and efficacy in clinical development despite promising results in preclinical studies or having successfully advanced through initial clinical trials in healthy volunteers. For instance, with respect to epetraborole, we cannot

guarantee that the dose used in our ongoing ~~pivotal Phase 2 / 3~~ clinical trial will be safe, tolerable, or effective. We cannot guarantee that the dose selected will be ~~validated~~ **successful** in our ongoing ~~pivotal Phase 2 / 3~~ clinical trial in patients with treatment- refractory MAC lung disease. The ongoing ~~pivotal~~ **clinical trial is the first evaluation of epetraborole in patients with MAC lung disease and specifically in treatment- refractory patients. In February 2024, we voluntarily paused enrollment of the Phase 3 portion of our ongoing** Phase 2 / 3 clinical trial **after a blinded aggregate analysis of data from the Phase 2 portion suggested lower- than- anticipated efficacy results. There is no guarantee that we** will be **able to successfully resume enrollment and complete the study in the manner or on the timing that we expect. Even if we are able to complete our Phase 2 / 3 study,** ~~the~~ **there** ~~first evaluation~~ **is no guarantee that the study will produce results sufficient to demonstrate the safety or efficacy** of epetraborole **to the satisfaction of the FDA, PMDA or other regulatory authorities** ~~in patients with MAC lung disease and specifically in treatment- refractory patients~~. In addition, safety, tolerability ~~,~~ and pharmacokinetic observations of epetraborole, used as monotherapy, in previous clinical trials conducted by Anacor and GSK, including penetration into alveolar (lung) macrophages and the long- term effects on red blood cell- related hematological parameters, such as hemoglobin and reticulocytes, may not be predictive of safety or efficacy results in our ongoing ~~pivotal Phase 2 / 3~~ clinical trial. There are significant differences in the epetraborole Phase 1 clinical trial conducted by Anacor and the five Phase 1 clinical trials and two Phase 2 clinical trials conducted by GSK compared to the clinical trial design of our ongoing ~~pivotal Phase 2 / 3~~ clinical trial. Other differences with these prior clinical trials, including differences in patient population, targeted indication, drug product formulation, **duration of dosing** and trial design, will limit our use of prior clinical data for epetraborole and our ability to support our clinical trial plan for epetraborole with the FDA ~~. We are enrolling patients in a single pivotal Phase 2 / 3 clinical trial as the basis for submission to the FDA for product approval of epetraborole~~, **PMDA** and ~~there~~ **other comparable foreign regulatory authorities. There** can be no assurance that the ~~single study~~ **clinical trials we conduct** will be sufficient for product approval. **Prior to marketing any product candidate in the United States, including epetraborole, we must demonstrate that such product candidate is safe and provide substantial evidence of effectiveness for its intended uses.** The FDA **has** generally **interpreted the " substantial evidence "** ~~requires~~ **requirements as requiring sponsors to conduct** two **adequate and** well- controlled Phase 3 clinical trials **. However, in some circumstances, the FDA may conclude that substantial evidence of efficacy has been demonstrated through the conduct of one adequate and well-controlled clinical trial, plus confirmatory evidence (whether obtained prior to** ~~for~~ **or** ~~product~~ **after such trial). We plan to rely on a single pivotal clinical trial to support** approval **of epetraborole** ~~. However,~~ in ~~some cases the FDA has not required two Phase 3 clinical trials for product approval. For example, amikacin liposome inhalation suspension, marketed by Insmed Incorporated as Arikayce, was approved to treat~~ treatment- refractory ~~NTM~~ **MAC** lung disease ~~caused by MAC on the basis of a single Phase 3 clinical trial. We are conducting a single pivotal Phase 2 / 3 clinical trial to support approval of epetraborole in MAC~~, but there can be no assurance that the FDA will not require additional clinical trials for approval of epetraborole **beyond the trials that we currently plan to conduct, even if we successfully complete the trial and believe the results are sufficiently positive**. The data we have collected and continue to collect in our Phase 1 programs, and from ~~the Phase 2 portion of~~ our ~~pivotal~~ **ongoing** Phase 2 / 3 clinical trial **,** may not support continued clinical investigation due to insufficient clinical **or microbiological** responses or occurrence of adverse safety events or may lead to adjustments in trial design, rendering it not feasible to conduct or not acceptable to the FDA or to us, including adjustments to clinical trial endpoints and sample size ~~for~~ **. For example, we recently voluntarily paused enrollment in** the Phase 3 portion of our **ongoing** ~~initiated pivotal~~ Phase 2 / 3 clinical trial ~~. Our current~~ **evaluating epetraborole in patients with treatment- refractory MAC lung disease after a blinded aggregate analysis data from the Phase 2 portion of the** trial ~~design~~ **suggested potentially lower-than- anticipated efficacy results. There is no guarantee that we will be able to successfully resume enrollment and complete the study in the manner** ~~for~~ **or on the timing that we expect. Even if we are able to complete** our ~~pivotal~~ Phase 2 / 3 **study, there is no guarantee** ~~clinical trial includes a Phase 2 portion~~ that ~~we expect~~ **the study data** will **be sufficient to support** ~~inform endpoint selection for the Phase 3 portion of the trial and~~ **an** ~~gather data on the~~ **application seeking regulatory approval of epetraborole in** treatment ~~effects of epetraborole~~ **refractory MAC lung disease** ~~containing regimens, if any, which may require increases or other adjustments in the sample size for the Phase 3 portion and which could result in a delay in topline results and additional costs for the Phase 3 portion of the trial~~. The FDA can recommend study design element changes at any time, including, for example, change of endpoints, eligibility criteria, or statistical analyses. For example, Arikayce ~~, the only drug currently approved by the FDA for treatment- refractory NTM lung disease caused by MAC,~~ was approved based on the primary endpoint of microbiological culture conversion, whereas we ~~will~~ **may** be required to demonstrate efficacy based on clinical response endpoints. **Specifically, based on the feedback we have received from the FDA, our ongoing Phase 2 / 3 trial includes a novel patient- reported outcome measure (" PRO "), as a primary endpoint to assess certain changes in patient symptoms. However, to our knowledge, no treatment for NTM lung disease has been approved by the FDA on the basis of improvements demonstrated through a PRO endpoint. In addition, we remain in ongoing discussions with the FDA regarding the design of our novel PRO, and any changes to the PRO that we may make create the risk that patients enrolled prior to implementing such changes will have completed treatment or will otherwise not be able to be assessed using the modified PRO. In such an event, we may be required to gather additional clinical data before we are able to seek approval of epetraborole, if ever. Even if we believe we have reached alignment with the FDA regarding the design of our Phase 2 / 3 trial, including our novel PRO endpoint, there is no guarantee that the data from such trial will be sufficient to support approval.** As a company, we have limited experience designing NTM clinical trials and have no **prior** experience conducting clinical trials in the United States **or other geographies** and may be unable to design and execute a clinical trial to support regulatory approval. In addition, the design and results of **our** ~~a pivotal Phase 2 / 3~~ clinical ~~trial~~ **trials** may not be sufficient to ~~determine whether the trial results will~~ support approval, since factors such as an ~~insufficient~~ **inappropriate** dosage ~~regimen~~ or flaws in the design of a clinical trial may not become apparent until the clinical trial is in

progress **or data are available** . There is a high failure rate for drug and biologic products proceeding through clinical trials. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in later- stage clinical trials even after achieving promising results in preclinical testing and earlier- stage clinical trials. For example, a Phase 2 clinical trial conducted by GSK to evaluate epetraborole in patients with complicated urinary tract infections was terminated early due to microbiological findings of resistance to epetraborole, which caused GSK to discontinue its epetraborole development program. In addition, data obtained from preclinical and clinical activities are subject to varying interpretations, which may delay, limit, or prevent regulatory approval. Furthermore, the dosing duration for administering epetraborole in humans has been limited to a maximum of 28 days in previous clinical trials. The study drug dosing duration in our ~~pivotal~~ Phase 2 / 3 clinical trial is up to 16 months total. The longer dosing duration ~~expected~~ in our ~~pivotal Phase 2 / 3~~ clinical trial, as well as the use of epetraborole in patients with NTM lung disease, may increase the risk of hematological abnormalities or the potential for the emergence of new, unknown treatment- emergent adverse events. In addition, we may experience regulatory delays or rejections as a result of many factors, including changes in regulatory policy during the period of our product candidate development. Any such delays could negatively impact our business, financial condition, results of operations ~~,~~ and **growth** prospects. If clinical trials of epetraborole or any ~~future~~ **other** product candidate that we may advance to clinical trials fail to demonstrate safety, tolerability, and / or efficacy to the satisfaction of the FDA, the PMDA ~~, the EMA, the TGA,~~ or other comparable regulatory authorities, or do not otherwise produce favorable results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of epetraborole or any ~~future~~ **other** product candidate. We may not commercialize, market, promote, or sell any product candidate without obtaining ~~marketing~~ **regulatory** approval from the FDA, the PMDA ~~, the EMA, the TGA,~~ or other comparable regulatory authorities, and we may never receive such approvals. It is impossible to predict when or if epetraborole or any ~~future~~ **other** product candidates will prove effective or safe in humans and will receive regulatory approval. Before obtaining ~~marketing~~ **regulatory** approval from regulatory authorities for the sale of epetraborole or any ~~future~~ **other** product candidates, we must complete preclinical and nonclinical development and conduct extensive clinical trials to demonstrate the safety ~~, tolerability,~~ and efficacy of such product candidates in humans. Clinical testing is expensive, difficult to design and implement, can take many years to complete, and is uncertain as to outcome. A failure of one or more clinical trials can occur at any stage of testing. Moreover, preclinical, nonclinical ~~,~~ and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical and nonclinical studies and clinical trials have nonetheless failed to obtain ~~marketing~~ **regulatory** approval of their products **. In addition, before we can initiate clinical trials for any product candidates, we must submit the results of preclinical studies to the FDA or comparable foreign regulatory authorities along with other information, including information about product candidate chemistry, manufacturing and controls and our proposed clinical trial protocol, as part of an IND or similar regulatory submission. The FDA or comparable foreign regulatory authorities may require us to conduct additional preclinical studies for any product candidate before it allows us to initiate clinical trials under any IND or similar regulatory submission, which may lead to delays and increase the costs of our preclinical development programs** . We may experience numerous unforeseen events prior to, during, or as a result of, clinical trials that could delay or prevent our ability to receive ~~marketing~~ **regulatory** approval or commercialize epetraborole or any of our ~~future~~ **other** product candidates, including, but not limited to: • **we may be unable to generate sufficient preclinical, toxicology or other in vivo or in vitro data to support the initiation or continuation of clinical trials; •** the FDA, the PMDA ~~, the EMA, the TGA,~~ or other comparable regulatory authorities may disagree as to the design or implementation of our clinical trials, which may result in changes to our planned clinical trial design and potential target clinical outcomes ~~, which could otherwise delay or otherwise negatively impact our ability to complete our clinical plans effectively~~ ; • regulators ~~or~~ **,** institutional review boards **(" IRBs "), or ethics committees** may not **allow or** authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site; • we may not reach agreement on acceptable terms with prospective contract research organizations ~~, or~~ **(“** CROs **”)** , and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites **; • we may experience delays in identifying, recruiting and training suitable clinical investigators; • regulators may issue a clinical hold, or regulators or institutional review boards may require that we or our investigators suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks; • we may make changes or amendments to a trial protocol; • we may select endpoints that require prolonged periods of clinical observation or require extended analysis of the resulting data; • clinical trial sites may deviate from the trial protocol or drop out of a trial** ; • clinical trials for epetraborole or any of our ~~future~~ **other** product candidates may produce negative or inconclusive results ~~; • we may be unable to successfully defeat bacterial resistance mechanisms in our initiated epetraborole pivotal Phase 2 / 3 clinical trial, which may require early termination of the trial or abandonment of our epetraborole program~~ ; • we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs; • enrollment in ~~the pivotal Phase 2 / 3 clinical trial of epetraborole and~~ clinical trials ~~of any future product candidates~~ may be slower than we anticipate, participants may drop out of these clinical trials at a higher rate than we anticipate, we may fail to recruit suitable patients to participate in a trial, or the number of patients required for clinical trials of epetraborole and any of our ~~future~~ **other** product candidates may be larger than we anticipate; • our third- party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all; • ~~regulators~~ **we** may ~~issue~~ **lack adequate funding to complete** a clinical ~~hold~~ **trial** , ~~or regulators or institutional review boards may require that we or our~~ **or** ~~investigators suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks; •~~ the cost of clinical trials of epetraborole or any of our ~~future~~ **other** product candidates may be greater than we anticipate; • the FDA, the PMDA ~~, the EMA, the TGA,~~ or other comparable regulatory authorities may fail to approve the manufacturing

processes or facilities of third- party manufacturers with whom we enter into agreements for clinical and commercial supplies; • the supply or quality of epetraborole or any of our ~~future~~ **other** product candidates or other materials necessary to conduct clinical trials of such product candidates may be insufficient or inadequate; • **serious adverse events may occur in trials of the same class of agents conducted by other companies that could be considered similar to our product candidates; •** epetraborole or our ~~future~~ **other** product candidates may have undesirable side effects or other unexpected characteristics, causing us or our investigators, regulators ~~,~~ or **IRBs** ~~institutional review boards~~ to suspend or terminate the clinical trials; and • the approval policies or regulations of the FDA, the PMDA ~~, the EMA, the TGA,~~ or other comparable regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval. If we are required to conduct additional clinical trials ~~(for~~ **or** ~~instance, if regulatory authorities required us to conduct a separate Phase 2 clinical trial prior to the~~ **other** ~~initiation~~ **testing** of **epetraborole or any of our** ~~a Phase 3 clinical trial, rather than the~~ **other product candidates beyond the studies that we currently contemplate, such as our** ongoing pivotal Phase 2 / 3 ~~clinical~~ trial ~~as designed) or other testing~~ of epetraborole ~~or any of our future product candidates beyond the studies that we currently contemplate~~, if we are unable to successfully complete clinical trials or other testing of epetraborole or any of our ~~future~~ **other** product candidates, or if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns observed in these trials or tests, we may: • be delayed in obtaining ~~marketing~~ **regulatory** approval for our product candidates; • not obtain ~~marketing~~ **regulatory** approval at all; • obtain approval for indications or patient populations that are not as broad as intended or desired; • obtain approval with labeling that includes significant use or distribution restrictions or safety warnings, such as black box warnings or a REMS program; • be subject to additional post- marketing testing requirements; or • be required to remove the product from the market after obtaining ~~marketing~~ **regulatory** approval ~~. Our product development costs may also increase if we experience delays in testing or marketing approvals and we may be required to obtain additional funds to complete clinical trials~~. We do not know whether any of our preclinical and nonclinical studies or clinical trials will begin as planned, will need to be restructured, or will be completed on schedule or at all. Significant preclinical and nonclinical study or clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialize epetraborole or our ~~future~~ **other** product candidates or allow our competitors to bring products to market before we do and impair our ability to successfully commercialize epetraborole or our ~~future~~ **other** product candidates. In addition, many of the factors that cause, or lead to, delays of clinical trials may ultimately lead to the denial of regulatory approval of epetraborole or any of our ~~future~~ **other** product candidates. We cannot predict whether or when bacteria may develop resistance to epetraborole or any of our ~~future~~ **other** product candidates, which could affect the revenue potential of our product candidates. We are developing epetraborole to treat bacterial infections. The bacteria responsible for these infections evolve quickly and may ~~readily transfer~~ **develop antibiotic resistance caused by spontaneous mutations in** ~~their~~ -- **the genes encoding the cellular target of the antibiotic. In some cases,** resistance mechanisms **can be transferred** within and between **bacterial** species. Prescription or use of epetraborole or our **other** product candidates, if approved, may depend on the type and rate of resistance of the targeted bacteria. Although we do analyze the potential of **emergence of resistance to** epetraborole and any ~~future~~ **other** product candidates ~~to develop resistance~~ and only select those that we believe have low resistance potential, we cannot predict whether or when bacterial resistance to epetraborole or ~~future~~ **other** product candidates may develop ~~should~~ **. Such bacterial resistances, if and when identified, could adversely affect** ~~they~~ -- **the** ~~obtain~~ **conduct or results of our clinical trials, and could adversely affect the** market **potential of the product candidate, if** ~~approval~~ **approved** ~~and be broadly prescribed~~. For example, clinical resistance to epetraborole as a monotherapy was observed **in certain bacteria** by GSK in its Phase 2 trial for the treatment of complicated urinary tract infection, and we cannot guarantee that clinical resistance will not be observed in any of our future clinical trials with epetraborole **in other types of bacterial infections**. The growth of drug- resistant infections in community settings or in countries with poor public health infrastructures, or the potential use of any product candidates outside of controlled hospital settings, could contribute to the rise of resistance. Epetraborole or any of our ~~future~~ **other** product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial potential, or result in significant negative consequences following any potential ~~marketing~~ **regulatory** approval. **Results of our clinical trials could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics. Undesirable side effects caused by our product candidates, whether used alone on in combination with other therapies, could cause us or regulatory authorities to interrupt, delay or halt clinical trials or the delay or denial of regulatory approval by the FDA or comparable foreign regulatory authorities, or, if such product candidates are approved, result in a more restrictive label and other post- approval requirements. Any treatment- related side effects could also affect patient recruitment or the ability of enrolled patients to complete the trial, or could result in potential product liability claims. Any of these occurrences may harm our business, financial condition, results of operations and growth prospects significantly. In particular,** ~~Epetraborole~~ **epetraborole** is not yet approved by the FDA, the PMDA ~~, the EMA, the TGA,~~ or any other regulatory agency and has not yet been tested extensively in patients. In previous development programs evaluating epetraborole, which largely used higher doses administered intravenously and orally, subjects and patients receiving epetraborole experienced drug- related side effects. For example, the most common drug- related adverse events observed in oral administration of epetraborole in humans were gastrointestinal in nature. Further, in a 26- week study conducted with epetraborole in rats and in a 39- week study conducted with epetraborole in non- human primates, safety observations of reduced hematocrit, hemoglobin, and other associated red blood cell- related parameters (red cell distribution width, mean corpuscular volume, mean corpuscular hemoglobin concentration, mean corpuscular hemoglobin) levels were observed, which remained below normal during the recovery period of the study while other blood cell parameters returned to normal levels. In a Fertility and Embryo- Fetal Development study of epetraborole in rats, there were no external fetal malformations or variations, no soft- tissue (visceral or fixed- head) fetal malformations or variations, and no skeletal fetal malformations attributed to administration of epetraborole at any dose level evaluated in the study. However, there were multiple maternal and fetal adverse events,

including reduced mean maternal body weight during gestation, reduced mean fetal weight, increased mean total resorptions per litter and higher mean post- implantation loss at the highest dose level tested, which was 1, 000 mg / kg, compared to a control group. Decreased fetal body weights and increased incomplete fetal ossification was observed at all epetraborole dose levels. The significance of these observations ~~in~~ **with respect to** humans is **still** unknown. Based on the observed maternal and fetal adverse events in rats, epetraborole could be harmful to human fetuses when taken during pregnancy. Amongst the patients enrolled in the first six cohorts of our Phase 1b dose- ranging study of epetraborole in healthy volunteers, the most common treatment emergent adverse events ~~, or~~ **(“** TEAEs **”)** , were gastrointestinal events, such as nausea, abdominal discomfort and diarrhea, and headache and vascular site access pain. Most TEAEs observed in the Phase 1b dose- ranging study were mild or moderate in severity and no severe or serious TEAEs were observed in the study. Two subjects in the study experienced TEAEs that caused premature discontinuation from epetraborole: one epetraborole subject at the 250 mg q24h dose level had mild aminotransferase increases during a concomitant upper respiratory tract infection and one epetraborole subject at the 1, 000 mg q48h dose level had mild nausea. These TEAEs were both considered possibly or probably related to epetraborole. Consistent with observations in chronic toxicology studies in non- human primates and rats, dose- dependent effects on red blood cell- related hematological parameters, such as hemoglobin and reticulocytes, were observed in the Phase 1b dose- ranging study. The observed effects on hematological parameters were mild and most RBC values remained within normal limits with a slight downward trend, and the hematological parameters recovered following completion of dosing of epetraborole. No subjects discontinued therapy as a result of the hematological effects that were observed. Additional adverse events may emerge **(along with additional data further defining previously identified risks)** in any ongoing or subsequent clinical trials and there may be unforeseen serious adverse events or side effects that differ from those seen in studies completed to date. ~~The~~ **For example, the** dosing duration for administering epetraborole in humans has been limited to a maximum of 28 days in previous clinical trials, and **in our** ~~we have initiated a pivotal~~ Phase 2 / 3 clinical trial **involves dosing up to 16 months** ~~of epetraborole in patients with treatment- refractory MAC lung disease~~ . ~~We anticipate that~~ **Future trials may involve** the **same or longer** dosing duration **. The longer dosing duration** in **the** ~~this pivotal~~ Phase 2 / 3 clinical trial ~~will be 16 months. The longer dosing duration expected in our pivotal Phase 2 / 3 clinical trial~~ , as well as the use of epetraborole in patients with **NTM** ~~treatment- refractory MAC~~ lung disease, may increase **the risk of hematological abnormalities, as well as** the potential for the emergence of new, unknown treatment- emergent adverse events. ~~Often~~ **In addition** , ~~it is not possible to determine whether or not a product candidate being studied caused side effects. Our current and planned clinical trials are designed to evaluate both the efficacy and safety of epetraborole. Consistent~~ with **respect to** ~~all clinical trials, we will monitor the safety of~~ our ~~patients throughout our ongoing pivotal~~ Phase 2 / 3 ~~clinical~~ trial **of epetraborole** ~~. In addition~~ , we **have** ~~plan to include~~ **included** an independent **data and** ~~Safety~~ **safety** ~~Data Monitoring~~ **monitoring** ~~Committee~~ **board** (~~“ SDMC ”~~ **" DSMB"**) to review safety as we increase dosing ~~durations~~ **duration up** to 16 months and transition from clinical investigations in healthy volunteers to patients. **It** ~~Regulatory authorities may draw different conclusions or require additional testing to confirm these determinations, if they occur. In addition, it~~ is possible that as we test epetraborole and our ~~future~~ **other** product candidates in larger, longer ~~,~~ and more extensive clinical programs, or as use of such product candidates becomes more widespread, if they receive regulatory approval, subjects will report illnesses, injuries, discomforts ~~,~~ and other adverse events that were not observed in earlier trials, as well as conditions that did not occur or went undetected in previous trials. Many times, side effects are only detectable after investigational drugs are tested in large- scale, Phase 3 clinical trials or, in some cases, after they are made available to patients on a commercial scale after approval. If additional clinical experience indicates that epetraborole or any ~~future~~ **other** product candidate has unexpected side effects or causes serious or life- threatening side effects, the development of the product candidate may fail or be delayed, or, if the product candidate has received regulatory approval, such approval may be revoked, which would harm our business. **Furthermore,** ~~Epetraborole~~ **epetraborole** is being developed for use in the treatment of **treatment- refractory** MAC lung disease as an add- on therapy to an optimized background regimen, which would include current standard of care drugs as outlined in the NTM treatment guidelines. Even if our product candidates demonstrate clinical efficacy, any unacceptable adverse side effects or toxicities, when administered in the presence of other pharmaceutical products, which can arise at any stage of development, may outweigh potential benefits. We may observe adverse or significant adverse events or drug- drug interactions in future preclinical studies or clinical trial candidates, which could result in the delay or termination of development, prevent regulatory approval ~~,~~ or limit market acceptance if ultimately approved. Moreover, if we elect, or are required, to delay, suspend ~~,~~ or terminate any clinical trial of **epetraborole or** any **other** ~~of epetraborole or any future~~ product candidates, the commercial prospects of such product candidate may be harmed and our ability to generate revenue through its sale may be delayed or eliminated. Any of these occurrences may significantly harm our business. Additionally, if epetraborole or any of our ~~future~~ **other** product candidates receive ~~marketing~~ **regulatory** approval, regulatory authorities may require the addition of labeling statements, such as a “ black box ” warning or a contraindication, or the adoption of a REMS program to ensure that the benefits outweigh its risks, which may include, among other things, a medication guide outlining the risks of the drug for distribution to patients and a communication plan to health care practitioners. Furthermore, if we or others later identify undesirable side effects caused by any product candidates, several potentially significant negative consequences could result, including: • regulatory authorities may suspend or withdraw approvals of such product candidate **, or we may decide to suspend marketing or remove a product from the marketplace** ; • regulatory authorities may require additional warnings on the label or impose distribution or use restrictions; • we may be required to change the way a product candidate is administered or conduct additional clinical trials, including one or more post- marketing research studies ~~, similar to Arikayce~~ ; • we could be sued and held liable for harm caused to patients; • we may be required to implement REMS, including the creation of a medication guide outlining the risks of such side effects for distribution to patients; • we **could be subject to fines, injunctions or the imposition of criminal or civil penalties; • we** may need to conduct a recall **or comparable post- marketing action** ; and • our reputation may suffer. Any of these events could prevent us from achieving or maintaining market

acceptance of the affected product candidate, if approved, or could substantially increase commercialization costs and expenses, which could delay or prevent us from generating revenue from the sale of our product candidates and harm our business and results of operations. If we are not successful in discovering, developing ~~,~~ and commercializing additional product candidates, our ability to expand our business and achieve our strategic objectives would be impaired. Although a substantial amount of our effort will focus on the continued clinical testing and potential regulatory approval of epetraborole, an element of our strategy is to discover, develop ~~,~~ and commercialize a portfolio of product candidates to treat rare chronic lung infections including NTM lung disease **and chronic Chagas disease** . We are seeking to do so by utilizing our targeted- design AN2 drug discovery platform, which uses bacterial genomics and state- of- the- art molecular and dynamic models to design active new compounds that target ~~validated~~ **known** mechanisms. We focus our clinical development on pathogens and patients with high, unmet medical needs to leverage the development and regulatory paths available for first- in- class or best- in- class anti- infectives. Research efforts to identify and develop product candidates require substantial technical, financial, and human resources, whether or not any product candidates are ultimately identified. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for many reasons, including the following: • the research methodology used may not be successful in identifying potential product candidates; • competitors may develop alternatives that render our product candidates obsolete or less attractive; • product candidates we develop may nevertheless be covered by third parties' patents or other exclusive rights; • a product candidate may on further study be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria; • a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; • a product candidate may not be accepted as safe, tolerable ~~,~~ and effective by patients, the medical community or third- party payors, if applicable; and • the FDA, the PMDA ~~, the EMA, the TGA,~~ or other regulatory authorities may not approve or agree with the intended use of a new product candidate. If we fail to develop and successfully commercialize epetraborole or our ~~future~~ **other** product candidates, our business and future prospects may be harmed and our business will be more vulnerable to any problems that we encounter in developing and commercializing epetraborole. If we experience delays or difficulties in the enrollment of patients in clinical trials, our **clinical development activities and** receipt of necessary regulatory approvals could be delayed or prevented. **Patient enrollment is a significant factor in the timing of clinical trials, and the timing of our clinical trials will depend, in part, on the speed at which we can recruit patients to participate in our trials, as well as completion of required follow- up periods.** We may not be able to initiate, continue ~~,~~ or complete clinical trials of epetraborole or any ~~future~~ **other** product candidates that we develop if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials, as required by the FDA, the PMDA ~~, the EMA, the TGA,~~ or other comparable regulatory authorities. We have limited experience enrolling patients in our clinical trials and cannot predict how successful we will be in enrolling patients in future clinical trials ~~. We may face delays and difficulties in enrollment because NTM lung disease caused by MAC is considered a rare disease (i. e., the size of the targeted patient population is small) and patients are generally managed in the outpatient setting by specialized clinics and caregivers. Patients may also be reluctant to participate in a clinical trial with an investigational drug. In addition, some of our competitors may have ongoing clinical trials to treat the same indications as our product candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors~~ . Patient enrollment is also affected by other factors including: • the **size and nature of the targeted patient population; • the** severity of the disease under investigation; • the proximity and availability of clinical trial sites for prospective patients; • the eligibility criteria for participation in the clinical trial; • the design of the clinical trial; • the perceived risks and benefits of the product candidate under study; • our ability to recruit clinical trial investigators with appropriate experience; • **efforts to facility timely enrollment in clinical trials; •** the availability **and efficacy** of drugs approved to treat the diseases under study; • the patient referral practices of physicians; • our ability to obtain and maintain patient consents; • the ability to monitor patients adequately during and after treatment; and • the risk that patients enrolled in clinical trials will drop out of the trials before completion **. In particular, we may face delays and difficulties in enrollment in our current trials of epetraborole because NTM lung disease caused by MAC is considered a rare disease (i. e., the size of the targeted patient population is small) and patients are generally managed in the outpatient setting by specialized clinics and caregivers. Patients with this disease may also be reluctant to participate in a clinical trial with an investigational drug** . Additionally, most patients with NTM lung disease have pre- existing co- morbidities, including underlying structural lung disease. Because of this, we expect difficulties in determining clinical responses in some patients in our ~~initiated pivotal Phase 2 / 3~~ clinical ~~trial~~ **trials** of epetraborole, which could result in a failure to meet prespecified clinical trial endpoints **, or otherwise increase the challenges associated with trial enrollment** . For example, even if epetraborole has a beneficial effect on culture conversion, patient- reported symptom- based outcomes may not correlate with microbiological responses. **Moreover** ~~In addition~~ , **in February 2024, we decided to voluntarily pause** ~~the COVID- 19 pandemic and seasonal respiratory conditions like influenza may affect the~~ enrollment **in the Phase 3 portion** of our **ongoing** ~~planned clinical trials. For example, we have experienced delays enrolling our pivotal~~ Phase 2 / 3 clinical trial **,** ~~in part due to staff shortages~~ and ~~other~~ - **there** ~~challenges~~ **is no guarantee** that **if and when we resume** ~~have arisen in the wake of the COVID- 19 pandemic. We truncated the sixth cohort of our Phase 1b dose- ranging study of epetraborole in Australia after a rise in COVID- 19 cases in Australia resulted in recruitment challenges. Clinical trial activities, including~~ patient enrollment ~~and~~ **, that we will not encounter further delays or difficulties in enrolling the trial, including due to our announcement of having observed lower- than- anticipated efficacy rates in a blinded aggregate analysis of available** data ~~collection~~ **. In addition** , **pending further data review and discussions with FDA, we may decide to modify the protocol for our ongoing Phase 2 / 3 clinical trial, and any such modifications may require us to expand patient enrollment, which could result in additional expenses and further trial delays. Additionally, other pharmaceutical companies and research institutions targeting these same diseases** are ~~dependent upon global~~ **recruiting clinical trial patients from these patient populations,**

which may make it more difficult to fully enroll any clinical trials. We also rely on, and will continue to rely on, CROs and clinical trial sites ~~which have been and continue~~ to **ensure proper and timely conduct of our** ~~be adversely affected by the COVID- 19 pandemic. Patients may be unwilling to enroll in~~ clinical trials ~~due to fear of contracting COVID- 19. In addition, after enrollment in our trials, patients may drop out of our trials, miss scheduled doses or follow- up visits or otherwise fail to follow trial protocols, due to site- related restrictions or patient quarantines after COVID- 19 exposures or infections. Clinical- trial sites may experience staff shortage~~ and ~~personnel at clinical~~ **preclinical** ~~- trial sites may~~ **studies. Though we** have **entered into agreements governing** ~~less time to work on our trials if COVID- 19 or other -~~ **their services** ~~seasonal respiratory conditions (e. g.~~, **we will have limited influence over** ~~flu or RSV) force hospitals to prioritize resources. If patients are unable to follow the trial protocols or if our trial results are otherwise disputed due to the effects of the COVID- 19 pandemic or other - their actual performance respiratory conditions or actions taken to mitigate spread, the integrity of data from our trials may be compromised or not accepted by the FDA or other regulatory authorities, which would represent a significant setback for our product development~~ . Our inability to enroll a sufficient number of patients for clinical trials would result in significant delays and could require us to abandon one or more clinical trials altogether. **We have experienced enrollment delays in the past.** Enrollment delays in these clinical trials may result in **further** increased development costs for our product candidates, which would reduce the capital we have available to support our current and future product candidates and may result in our need to raise additional capital earlier than planned and could cause the value of our common stock to decline and limit our ability to obtain additional financing. We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or have a greater likelihood of success. Because we have limited financial and management resources, we focus on research programs and product candidates that we identify for specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial drugs 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 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. Interim " topline " and preliminary 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~~ **publicly disclose** interim **,** topline or preliminary data from our clinical trials ~~. Interim~~ **and preclinical studies, which is based on a preliminary analysis of then- available** data ~~from clinical trials that we may complete~~ **, and the results and related findings and conclusions** are subject to **change following a more comprehensive review of** the ~~risk~~ **data related to the particular study or trial. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the interim, topline or preliminary results** that **we report may differ from future results of the same studies or trials, or different conclusions or considerations may qualify such results,** ~~one~~ **once additional** ~~or more of the clinical outcomes may materially change as patient enrollment continues and more patient~~ data ~~become available~~ **have been received and fully evaluated** . **Topline and** ~~Preliminary~~ **preliminary** ~~or topline~~ data also remain subject to audit and verification procedures that may result in the final data being materially different from the **topline or** preliminary data we previously published. As a result, ~~interim~~ **topline** and preliminary data should be viewed with caution until the final data are available. **Interim data from clinical trials that we may complete are further 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. Adverse** ~~Differences~~ **differences** between **interim, topline or** preliminary ~~or interim~~ data and final data could significantly harm our business prospects ~~and may cause~~ **. Further, disclosure of such data by us or by our competitors could result in volatility in** the ~~trading~~ price of our common stock **. Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular product candidate or product and our company in general. In addition, the information we choose** to ~~fluctuate~~ **publicly disclose regarding a particular study or clinical trial is based on what is typically extensive information, and you or others may not agree with what we determine is material or otherwise appropriate information to include in our disclosure, and any information we determine not to disclose may ultimately be deemed** ~~significantly~~ **significant with respect to future decisions, conclusions, views, activities or otherwise regarding a particular product candidate or our business. If the interim, topline or preliminary data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize, our product candidates may be harmed, which could harm our business, financial condition, operating results, growth prospects. We may conduct clinical trials for our product candidates outside of the United States, and the FDA may not accept data from such trials, in which case our development plans may be delayed, which could materially harm our business. We conduct and may in the future conduct one or more of our clinical trials or a portion of our clinical trials for our product candidates outside the United States. The acceptance of study data from clinical trials conducted outside the United States or another jurisdiction by the FDA or comparable foreign regulatory authority may be subject to certain conditions or may not be accepted at all. In cases where data from foreign clinical trials are intended to serve as the sole basis for regulatory approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the U. S. population and U. S. medical practice; (ii) the trials were performed by clinical investigators of recognized competence and pursuant to GCP regulations; and (iii) the**

data may be considered valid without the need for an on- site inspection by the FDA, or if the FDA considers such inspection to be necessary, the FDA is able to validate the data through an on- site inspection or other appropriate means. In addition, even where the foreign study data are not intended to serve as the sole basis for approval, the FDA will not accept the data as support for an application for regulatory approval unless the study is well- designed and well- conducted in accordance with GCP requirements and the FDA is able to validate the data from the study through an onsite inspection if deemed necessary. Many foreign regulatory authorities have similar requirements for clinical data gathered outside of their respective jurisdictions. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA or any comparable foreign regulatory authority will accept data from trials conducted outside of the U. S. or the relevant jurisdiction. If the FDA or any comparable foreign regulatory authority does not accept such data, it may result in the need for additional trials, which could be costly and time- consuming, and which may result in current or future product candidates that we may develop not receiving approval for commercialization in the applicable jurisdiction . Risks Related to Our Dependence on Third Parties We rely on ~~single- soureed~~ third parties to conduct the preclinical and nonclinical studies ~~,~~ **and** clinical trials, and manufacture of our clinical trial material..... of which may be our competitors. If these third parties do not successfully carry out their contractual duties, **and manufacture of our clinical trial material for epetraborole and our future product candidates,and those third parties may not perform satisfactorily,including failing to meet deadlines for the completion of such studies,trials,and manufacturing services or failing to** comply with applicable regulatory requirements ~~or meet expected deadlines,our development programs and our ability to seek or obtain regulatory approval for or commercialize our product candidates may be delayed~~ .We ~~are dependent on third parties to conduct our clinical trials and preclinical studies.Specifically,we~~ have engaged **contract research organizations,or** CROs **,** ~~and consultants~~ to conduct our ongoing and planned preclinical and nonclinical studies ~~and clinical trials~~ , ~~in each case in accordance with~~ **clinical trials and manufacture of our clinical** trial **material** ~~protocols and regulatory requirements~~ .We also expect to engage CROs for any of our other **future** product candidates that may progress to clinical development.We expect to rely on CROs,as well as other third parties,such as clinical data management organizations,medical institutions,and clinical investigators,to conduct those preclinical and nonclinical studies,clinical trials,and manufacture of our clinical trial material.Currently,we rely on single source third- party research institutions,laboratories,clinical research and manufacturing organizations for research and development.Agreements with such third parties might terminate for a variety of reasons,including a failure to perform by the third parties.If we need to enter into alternative arrangements,or fail to enter into alternative arrangements in a timely manner,our product development activities would be delayed.Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our responsibilities.For example,we will remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial.Moreover, **the FDA** ~~we and our CROs are required~~ **requires us** to comply with ~~regulations~~ **regulatory** ~~and comply with~~ **standards,commonly referred to as** good ~~laboratory~~ **clinical** ~~practice~~ **practices** ~~requirements~~ **,** ~~for~~ **or** ~~the conduct of certain preclinical studies and GCP~~ **GCPs** ~~requirements for clinical trials,which are regulations and guidelines enforced by the FDA~~ ,for conducting,recording **,** and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights,integrity **,** and confidentiality of trial participants are protected.Similar regulatory requirements apply outside the United States,including the International Council for Harmonisation of Technical Requirements for the Registration of Pharmaceuticals for Human Use **,or the ICH** . ~~Regulatory authorities enforce GCPs through periodic inspections of~~ **We are also required to register certain ongoing clinical** ~~trial~~ **trials** ~~sponsors,principal investigators~~ and **post the results of certain completed clinical** ~~trial~~ **trials** ~~sites~~ **on a government- sponsored database,ClinicalTrials.gov,within specified timeframes** .Failure to **do so** ~~comply with these requirements~~ by us or by third parties can result in FDA refusal to approve applications based on the clinical data,enforcement actions,adverse publicity **,** and civil and criminal sanctions. **Furthermore** ~~There is no guarantee that any of our CROs~~ , ~~investigators or~~ **these third parties may also have relationships with** other ~~third parties will devote adequate time and resources to such~~ **entities,some of which may be our competitors.** meet expected deadlines, or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, ~~marketing~~ **regulatory** approvals for epetraborole and our ~~future~~ **other** product candidates and will not be able to, or may be delayed in our efforts to, successfully commercialize such product candidates. In addition, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and may receive cash compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, or the FDA concludes that the financial relationship may have affected the interpretation of the trial, the integrity of the data generated at the applicable clinical trial site may be questioned and the utility of the clinical trial itself may be jeopardized, which could result in the delay or rejection by the FDA of any ~~New Drug Application, or~~ NDA ~~,~~ we submit. Any such delay or rejection could prevent us from commercializing epetraborole or any ~~future~~ **other** product candidates. We also expect to rely on other third parties to store and distribute product supplies for our clinical trials. Any performance failure or regulatory noncompliance on the part of our distributors could delay clinical development or ~~marketing~~ **regulatory** approval of epetraborole or any ~~future~~ **other** product candidates or commercialization of such product candidates, resulting in additional losses ~~,~~ and depriving us of potential product revenue. Our reliance on single- sourced third parties to manufacture our product candidates increases the risk that we will not have sufficient quantities of our product candidates or products or such quantities at an acceptable cost, which could delay, prevent ~~,~~ or impair our development or commercialization efforts. We do not own or operate manufacturing facilities for the production of clinical or commercial supplies of the product candidates that we are developing or evaluating, nor are we contemplating plans to do so. We have limited personnel with experience in drug manufacturing and lack the resources and the capabilities to manufacture any of our product candidates on a clinical or commercial scale. We currently rely on third parties, such as Esteve Química, S. A. and Catalent Pharma Solutions, for drug

substance and drug product manufacturing, respectively, of our current product candidate, and our strategy is to continue to outsource all manufacturing of our product candidates and approved products, if any, to third parties. In order to conduct clinical trials of our product candidates and prepare for commercialization, we will need to identify suitable manufacturers with the capabilities to manufacture our compounds in large quantities in a manner consistent with existing regulations. Our future plans include identifying, qualifying, and contracting with a second manufacturing site to manufacture epetraborole, assuming we have adequate financial resources to pursue contingency manufacturing plans. Our current and future third- party manufacturers may be unable to successfully increase the manufacturing capacity for any of our product candidates in a timely or cost-effective manner, or at all. In addition, quality issues may arise during scale- up activities at any other time. If our manufacturers are unable to successfully scale up the manufacture of our current or future product candidates in sufficient quality and quantity, the development, testing ~~,~~ and clinical trials of that product candidate may be delayed or infeasible, and regulatory approval or commercial launch of that product candidate may be delayed or not obtained, which could significantly harm our business. We do not currently have any agreements with third- party manufacturers for the long- term commercial supply of epetraborole or any of our ~~future~~ **other** product candidates. In the future, we may be unable to enter into agreements with third- party manufacturers for commercial supplies of such product candidates or may be unable to do so on acceptable terms. Even if we are able to establish and maintain arrangements with third- party manufacturers, reliance on third- party manufacturers entails risks, including: • reliance on the third party for regulatory compliance and quality assurance; • the possible breach of the manufacturing agreement by the third party; • the **failure of such parties to manufacture product candidates according to our specifications or on schedule; • the** possible misappropriation of our proprietary information, including our trade secrets and know- how; and • the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us. **The facilities used by our** ~~Third~~ **third** - party manufacturers ~~may~~ **must be approved for the manufacture of our product candidates by the FDA, or any comparable foreign regulatory authority, pursuant to inspections that will be conducted after we submit an NDA to the FDA, or submit a comparable marketing application to a foreign regulatory authority. We do not control the manufacturing process of, and are completely dependent on, third- party manufacturers for compliance with cGMP requirements for manufacture of our product candidates. If these third- party manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or any comparable foreign regulatory authority, they will** not be able to **secure and /** ~~comply with current Good Manufacturing Practice,~~ or **maintain** ~~cGMP, regulations or similar~~ regulatory ~~requirements outside~~ **approval for the use of** ~~the~~ **their** ~~United States~~ **manufacturing facilities. In addition, we have no control over the ability of third-party manufacturers to maintain adequate quality control, quality assurance and qualified personnel** . Our failure, or the failure of our third- party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension ~~,~~ or withdrawal of approvals, license revocation, seizures ~~,~~ or recalls of product candidates or products, operating restrictions ~~,~~ and criminal prosecutions, any of which could significantly and adversely affect supplies of our product candidates. Epetraborole and our ~~future~~ **other** products and product candidates may compete with other product candidates and products for access to manufacturing facilities. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us. If the third parties that we engage to supply any materials or manufacture product for our preclinical and nonclinical studies and clinical trials should cease to continue to do so for any reason, we likely would experience delays in advancing these studies and trials while we identify and qualify replacement suppliers, and we may be unable to obtain replacement supplies on terms that are favorable to us. In addition, if we are not able to obtain adequate supplies of epetraborole or any ~~future~~ **other** product candidates or the substances used to manufacture them, it will be more difficult for us to develop such product candidates and compete effectively. Our current and anticipated future dependence upon others for the manufacture of our product candidates may adversely affect our future profit margins and our ability to develop product candidates and commercialize any products that receive ~~marketing~~ **regulatory** approval on a timely and competitive basis. Risks Related to the Commercialization of Epetraborole and Our ~~Future~~ **Other** Product Candidates Even if epetraborole or any of our ~~future~~ **other** product candidates receives ~~marketing~~ **regulatory** approval, it may fail to achieve the degree of market acceptance by physicians, patients, third-party payors, and others in the medical community necessary for commercial success. Even if we obtain approvals from the FDA, the PMDA ~~, the EMA, the TGA,~~ or other comparable regulatory agencies and are able to initiate commercialization of epetraborole or any ~~future~~ **other** product candidates we develop, the product candidate may not achieve market acceptance among physicians, patients ~~,~~ and third- party payors and, ultimately, may not be commercially successful. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including: • the safety, tolerability, efficacy ~~,~~ and ease of use of a once- a- day oral dose and other potential advantages compared to alternative treatments; • the potential and perceived advantages and disadvantages of the product candidates, including cost and clinical benefit relative to alternative treatments; • the convenience and ease of once- a- day oral administration compared to alternative treatments (e. g., inhaled drug through nebulizer); • the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies; • acceptance by physicians, patients, payor- formularies ~~,~~ and treatment facilities and parties responsible for coverage and reimbursement of the product; • the availability of coverage and adequate reimbursement by third- party payors, including government authorities; • our ability to manufacture the product candidates in sufficient quantities and yields; • the strength and effectiveness of marketing and distribution support; • the prevalence and severity of any side effects; • limitations or warnings, including distribution or use restrictions, contained in the product' s approved labeling or an approved REMS; • whether the product is designated under physician treatment guidelines as a first- line therapy or as a second- or third- line therapy for particular infections; • whether the product is safe, tolerable ~~,~~ and efficacious when used in combination therapy with the current multi- drug standard of care ~~regiment~~ - **regimen** ; • the approval of other new products for the same indications; • the timing of market introduction of the approved product as well as competitive products; and • the

emergence of bacterial resistance to the product ~~; and drugs in the target infections grow~~ . If the market size of any product candidate that obtains regulatory approval is significantly smaller than we anticipate, it may not achieve market acceptance or commercial success. This could significantly and negatively impact our business, financial condition, ~~and~~ results of operations **and growth prospects** ~~. We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do~~ . The development and commercialization of new drug products is highly competitive. We face competition from major multi- national pharmaceutical companies, biotechnology companies, specialty pharmaceutical companies ~~,~~ and generic drug companies with respect to epetraborole and other product candidates that we may develop and commercialize in the future. There are a number of large pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of product candidates for the treatment of NTM lung infections. Potential competitors also include academic institutions, government agencies ~~,~~ and other public and private research organizations. If our competitors obtain ~~marketing~~ **regulatory** approval from the FDA, the PMDA ~~, the EMA, the TGA,~~ or other comparable regulatory authorities for their product candidates more rapidly than we do, it could result in our competitors establishing a strong market position before we are able to enter the market. Our competitors may also succeed in developing, acquiring ~~,~~ or licensing technologies and drug products that are more effective, more effectively marketed and sold, or less costly than epetraborole or any ~~future~~ **other** product candidates that we may develop, which could render our product candidate non- competitive and obsolete. Our initial product candidate, epetraborole, is being ~~initially~~ developed for the treatment of patients with treatment- refractory MAC lung disease **.** ~~, and~~ Insmed' s Arikayce is the only currently approved therapy for the treatment of MAC lung disease as part of a combination antibacterial drug regimen in patients who do not achieve negative sputum cultures after a minimum of six consecutive months of a multidrug background regimen therapy. Other drugs used to treat these patients include generic drugs such as macrolides (clarithromycin and azithromycin), ethambutol, rifabutin ~~,~~ and fluoroquinolones such as levofloxacin, bedaquiline, linezolid and clofazimine. There are **also** a number of product candidates in clinical development by third parties that are intended to treat NTM lung disease. Some mid- to late- stage product candidates include SPR720 from Spero Therapeutics, Inc., **inhaled clofazimine** ~~RHB- 204~~ from **MannKind Corporation** ~~Redhill Biopharma Ltd.~~ , and omadacycline from Paratek Pharmaceuticals, Inc. In addition, there may also be unexpected or unknown competitors that we are not presently aware of. Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical and nonclinical testing, conducting clinical trials, obtaining regulatory approvals, and marketing approved products than we do as an organization. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early- stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient, or are less expensive than any product candidates that we may develop. Our competitors also may obtain approval from the FDA, the PMDA ~~, the EMA, the TGA,~~ or other comparable regulatory agencies for their product candidates more rapidly than we may obtain approval for ours, which could result in product approval delays if a competitor obtains market exclusivity from the FDA, the PMDA ~~, the EMA, the TGA,~~ or any comparable regulatory agencies or our competitors establish a strong market position before we are able to enter the market. In addition, our ability to compete may be affected in many cases by insurers or other third- party payors seeking to encourage the use of generic drugs. Additional drugs may become available on a generic basis over the coming years. If epetraborole or any ~~future~~ **other** product candidates achieve ~~marketing~~ **regulatory** approval, we expect that they will be priced at a significant premium over competitive generic drugs ~~. If we are unable to establish sales, marketing, and distribution capabilities for epetraborole or our future product candidates, or enter into sales, marketing, and distribution agreements with third parties, we may not be successful in commercializing our product candidates, if and when they are approved~~ . We do not have a sales or marketing infrastructure and have limited experience in the sale, marketing, or distribution of pharmaceutical products. To achieve commercial success for any product candidate for which we may obtain ~~marketing~~ **regulatory** approval, we will need to establish a sales and marketing organization or enter into collaboration, distribution ~~,~~ and other marketing arrangements with one or more third parties to commercialize such product candidate. In the United States and other key markets, we intend to build a commercial organization to target areas with the greatest incidence of NTM lung infections and recruit experienced sales, marketing ~~,~~ and distribution professionals. The development of sales, marketing ~~,~~ and distribution capabilities will require substantial resources, will be time- consuming ~~,~~ and could delay any product launch. We may decide to work with regional specialty pharmacies, distributors, and / or multi- national pharmaceutical companies to leverage their commercialization capabilities to commercialize any product candidate for which we may obtain regulatory approval outside of the United States. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing and distribution capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization costs. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel. In addition, we may not be able to hire a sales force in the United States that is sufficient in size or has adequate expertise to target the areas that we intend to target. If we are unable to establish a sales force and marketing and distribution capabilities, our operating results may be adversely affected. Factors that may inhibit our efforts to commercialize our drugs on our own include: • our inability to recruit, train ~~,~~ and retain adequate numbers of effective sales and marketing personnel; • the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future products; • the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage compared to companies with more extensive product lines; • unforeseen costs and expenses associated with creating an independent sales and marketing organization; and • unforeseen costs

and limitations with regard to setting up a distribution network. If we are unable to establish our own sales, marketing ~~,~~ and distribution capabilities in the United States and other jurisdictions in which epetraborole or any ~~future~~ **other** product candidates are approved and, instead, enter into arrangements with third parties to perform these services, our revenues and profitability, if any, are likely to be lower than if we were to sell, market ~~,~~ and distribute any product candidates that we develop ourselves. We may not be successful in entering into arrangements with third parties to sell, market ~~,~~ and distribute our product candidates or may be unable to do so on terms that are favorable to us. We likely will have limited control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our product candidates effectively. If we do not establish sales, marketing ~~,~~ and distribution capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing any product candidates. Coverage and adequate reimbursement may not be available for epetraborole or any ~~future~~ **other** product candidates, which could make it difficult for us to sell profitably, if approved. Market acceptance and sales of any product candidates that we commercialize, if approved, will depend in part on the extent to which reimbursement for these drugs and related treatments will be available from third- party payors, including government health administration authorities, managed care organizations and other private health insurers. Third- party payors decide which therapies they will pay for and establish reimbursement levels. Third- party payors often rely upon Medicare coverage policy and payment limitations in setting their own coverage and reimbursement policies. However, decisions regarding the extent of coverage and amount of reimbursement to be provided for any product candidates that we develop will be made on a payor- by- payor basis. One payor' s determination to provide coverage for a drug does not assure that other payors will also provide coverage and adequate reimbursement for the drug. Additionally, a third- party payor' s decision to provide coverage for a therapy does not imply that an adequate reimbursement rate will be approved. Each payor determines whether or not it will provide coverage for a therapy, what amount it will pay the manufacturer for the therapy, and on what tier of its list of covered drugs, or formulary, it will be placed. The position on a payor' s formulary generally determines the co- payment that a patient will need to make to obtain the therapy and can strongly influence the adoption of such therapy by patients and physicians. Patients who are prescribed treatments for their conditions and providers prescribing such services generally rely on third- party payors to reimburse all or part of the associated healthcare costs. Patients are unlikely to use our drugs, and providers are unlikely to prescribe our drugs, unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of our drugs and their administration. A primary trend in the U. S. healthcare industry and elsewhere is cost containment. Third- party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. We cannot be sure that coverage and reimbursement will be available for any drug that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Inadequate coverage and reimbursement may impact the demand for, or the price of, any drug for which we obtain ~~marketing~~ **regulatory** approval. If coverage and adequate reimbursement are not available, or are available only to limited levels, we may not be able to successfully commercialize epetraborole and any ~~future~~ **other** product candidates that we develop. Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we may develop. We face an inherent risk of product liability exposure related to the testing of epetraborole and any ~~future~~ **other** product candidates in human clinical trials and will face an even greater risk if we commercially sell any drugs that we may develop. If we cannot successfully defend ourselves against claims that our product candidates or products caused injuries, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in: • reduced resources of our management to pursue our business strategy; • decreased demand for any product candidates or products that we may develop; • injury to our reputation and significant negative media attention; • withdrawal of clinical trial participants; • initiation of investigations by regulators; • product recalls, withdrawals ~~,~~ or labeling, marketing ~~,~~ or promotional restrictions; • significant costs to defend the resulting litigation; • substantial monetary awards paid to clinical trial participants or patients; • loss of revenue; • the inability to commercialize any drugs that we may develop; and • a decline in our share price. **Our** ~~We currently hold $ 5. 0 million in domestic~~ product liability insurance coverage ~~with a per incident limit of $ 5. 0 million, and the required local policies for foreign clinical trials, which~~ may not be adequate to cover all liabilities that we may incur. We may need to increase our insurance coverage as we expand our clinical trials or if we commence commercialization of any product candidates. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise, if at all. Our product liability insurance policy contains various exclusions, and we may be subject to a product liability claim for which we have no coverage. We may have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. Even if our agreements with current or future collaborators entitle us to indemnification against losses, such indemnification may not be available or adequate should any claim arise. There are a variety of risks associated with marketing epetraborole or any ~~future~~ **other** product candidates internationally, which could affect our business. We may seek regulatory approval for epetraborole or other ~~future~~ product candidates outside of the United States and, accordingly, we expect that we will be subject to additional risks related to operating in foreign countries if we obtain the necessary approvals, including: • differing regulatory requirements and reimbursement landscapes in foreign countries; • the potential for so- called parallel importing, which is what happens when a local seller, faced with high or higher local prices, opts to import goods from a foreign market with low or lower prices rather than buying them locally; • unexpected changes in tariffs, trade barriers, price and exchange controls ~~,~~ and other regulatory requirements; • economic weakness, including inflation ~~,~~ or political instability in particular foreign economies and markets; • compliance with tax, employment, immigration ~~,~~ and labor laws for employees living or traveling abroad; • foreign taxes, including withholding of payroll taxes; • foreign currency fluctuations, which could result in increased operating expenses and reduced revenues, and other obligations incident to doing business in another country; • difficulties staffing and managing foreign operations; • workforce uncertainty in countries where labor unrest is more common than in the United States; • potential liability under the U. S. Foreign Corrupt Practices Act of

1977, as amended (~~, or~~ the " FCPA ") , or comparable foreign regulations; • challenges enforcing our contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as the United States; • production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and • business interruptions resulting from geo- political actions, including war and terrorism. These and other risks associated with our international operations may compromise our ability to achieve or maintain profitability. Risks Related to Our Business, Industry ~~,~~ and Managing Our Growth We operate with a small team and our future success depends on our ability to retain key executives and to attract, retain ~~,~~ and motivate qualified personnel ~~. As of December 31, 2022, we had 32 employees and one part- time employee~~ . We are highly dependent on the management, research and development, clinical, financial ~~,~~ and business development expertise of Eric Easom, our co- founder, president, and chief executive officer, Paul Eckburg, M. D., our chief medical officer, Sanjay Chanda, Ph. D., our chief development officer, Lucy Day, our chief financial officer, Josh Eizen, J. D., our chief legal officer, Kevin Krause, our chief strategy officer, and Michael R. K. (Dickon) Alley, Ph. D., our co- founder and head of biology, as well as the other members of our research, development ~~,~~ and business teams. Each may terminate employment with us at any time. We do not maintain " key person " insurance for any of our executives or employees. Our limited personnel and resources may result in greater workloads for our employees compared to those at companies with which we compete for personnel, which may lead to higher levels of employee dissatisfaction and turnover. Recruiting and retaining qualified research, development ~~,~~ and business personnel and, if we progress the development of epetraborole or any ~~future~~ **other** product candidates, commercialization, manufacturing, and sales and marketing personnel, will be critical to our success. The loss of the services of our executive officers or other key employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize our product candidates. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain ~~,~~ or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of research and development personnel from universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high- quality personnel, our ability to pursue our growth strategy will be limited. ~~Our~~ **Macroeconomic uncertainties have in the past and may continue to adversely impact our** business ~~could be adversely affected by the effects of health epidemics, including the ongoing COVID- 19 pandemic. Our business could be adversely affected by health epidemics, including the COVID- 19 pandemic and influenza, in regions where we or third parties on which we rely have manufacturing facilities, concentrations of potential clinical trial sites or other business operations. For example, as a result of the COVID- 19 pandemic, the State of California, where our operations are located, has from time to time issued orders limiting activities to varying levels, including at the most restrictive level, an order for all residents to remain at home, except for the performance of essential activities, which include biomedical research. We have implemented policies that enable our employees to work remotely, and such policies may continue for an indefinite period. In accordance with state and local mandates, from time to time, we have also implemented various safety protocols for all on- site personnel, including the requirements to wear masks, suspend all non- essential travel for our employees and maintain social distance. We continue to evaluate our protocols and practices as the global response to the COVID- 19 pandemic continues to evolve. There can be no assurance that we will be able to avoid part or all of any impact from the spread of COVID- 19 or its consequences. In addition, our current preclinical and nonclinical studies and current and future clinical trial plans may be affected by the COVID- 19 pandemic or other epidemic. Site initiation and patient enrollment may be delayed due to potential and ongoing patients being exposed to COVID- 19, staff shortages and prioritization of hospital resources toward the COVID- 19 pandemic or other epidemic, which may delay enrollment in our current and future global clinical trials, and some patients may not be able to comply with clinical trial protocols if quarantines impede patient movement or interrupt healthcare services. Further, some of our suppliers may experience disruption to their respective supply chain due to the effects of health epidemics, including the COVID- 19 pandemic, which could delay, prevent, or impair our development or commercialization efforts. The ultimate impact of the COVID- 19 pandemic or a similar health epidemic is highly uncertain and subject to change. Several measures are currently being implemented by the United States and other governments to address the current COVID- 19 pandemic and its economic impacts. At this time, it is impossible to predict the impact of these measures and whether or not they will have unforeseen negative consequences for our business. We do not yet know the full extent of potential delays or impacts on our business, our planned preclinical studies or clinical trials, healthcare systems or the global economy as a whole; nor do we know when and how such regulations may be eased. The foregoing and other continued disruptions to our business as a result of COVID- 19 could result in an adverse effect on our business, results of operations~~ , financial condition ~~and cash flows. Furthermore, the COVID- 19 pandemic could heighten the risks in certain of the other risk factors described herein. Macroeconomic uncertainties and the COVID- 19 pandemic have in the past and may continue to adversely impact our business~~ , results of operations and **growth prospects** ~~financial condition. There is currently an uncertain and inflationary economic environment in the United States, partially as a result of the COVID- 19 pandemic and efforts to contain it and manage its impacts, which have created significant macroeconomic disruption and volatility~~ . The global economy, including credit and financial markets, has experienced extreme volatility and disruptions, including, among other things, severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, supply chain shortages, increases in inflation rates, higher interest rates and uncertainty about economic stability ~~. For example, the Federal Reserve recently raised interest rates~~

~~multiple times in response to concerns about inflation and it may raise them again~~ . Higher interest rates, coupled with reduced government spending and volatility in financial markets may increase economic uncertainty and affect consumer spending. ~~For example, the Company has a banking relationship with Silicon Valley Bank (" SVB"). On March 10, 2023, SVB was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (" FDIC ") as receiver. On March 12, 2023, the Federal Reserve Board approved actions enabling the FDIC to complete its resolution of SVB in a manner that fully protects all depositors. Based on the foregoing and the Company' s analysis of the components of its relationship with SVB, the Company does not expect these events to have a material impact on the Company' s financial statements.~~ Similarly, ~~the ongoing military conflict between Russia and Ukraine has created extreme~~ volatility **and disruptions** in ~~the~~ global ~~capital~~ markets and **supply chains and** ~~is expected to have further~~ global **conflicts** ~~economic consequences, including disruptions of the global supply chain and energy markets. Any such volatility and disruptions~~ may adversely affect our business or the third parties on whom we rely. If the equity and credit markets deteriorate, including as a result of political unrest or war, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, more costly or more dilutive. Increased inflation rates can adversely affect us by increasing our costs, including labor and employee benefit costs. To the extent that macroeconomic uncertainties ~~and the COVID- 19 pandemic~~ continue to harm our business, ~~results of operations and~~ financial condition **, results of operations and growth prospects** , many of the other risks described in this " Risk Factors " section will be exacerbated ~~. Our cash and cash equivalents may be exposed to failure of our banking institutions. While we seek to minimize our exposure to third- party losses of our cash and cash equivalents, we hold our balances in a number of large financial institutions. Notwithstanding, those institutions are subject to risk of failure. For example, on March 10, 2023, Silicon Valley Bank (" SVB ") was unable to continue their operations and the Federal Deposit Insurance Corporation was appointed as receiver for SVB and created the National Bank of Santa Clara to hold the deposits of SVB after SVB was unable to continue their operations. As of March 29, 2023, we did not hold material cash and cash equivalents with SVB. Majority of our cash and cash equivalents are held with other large financial institutions, and we do not expect further developments with SVB to have a material impact on our cash and cash equivalents balance, expected results of operations, or financial performance for the foreseeable future. However, if further failures in financial institutions occur where we hold deposits, we could experience additional risk. Any such loss or limitation on our cash and cash equivalents would adversely affect our business. We have identified material weaknesses in our internal control over financial reporting. If we are unable to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business~~ . Prior to the completion of the IPO, we had been a private company with limited accounting personnel to adequately execute our accounting processes and other supervisory resources with which to address our internal control over financial reporting. In connection with the preparation of our financial statements, we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses are as follows: • We did not design and maintain an effective control environment commensurate with our financial reporting requirements. Specifically, we lacked a sufficient complement of resources with (i) an appropriate level of accounting knowledge, experience and training to appropriately analyze, record and disclose accounting matters timely and accurately, and (ii) an appropriate level of knowledge and experience to establish effective processes and controls. Additionally, the lack of a sufficient number of professionals resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, among other things, insufficient segregation of duties in our finance and accounting functions. This material weakness contributed to the following additional material weaknesses. • We did not design and maintain effective controls related to the period- end financial reporting process, including designing and maintaining formal accounting policies, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures. Additionally, we did not design and maintain controls over the preparation and review of account reconciliations and journal entries, including maintaining appropriate segregation of duties. • We did not design and maintain effective controls related to the accounting for certain non- routine or complex transactions, including the proper application of U. S. GAAP to such transactions. ~~The above material weaknesses resulted in adjustments to the redeemable convertible preferred stock, tranche liability and accrued expenses balances, which were recorded prior to the issuance of the financial statements, as of and for the years ended December 31, 2020 and 2021. Additionally, these material weaknesses could result in a misstatement of substantially all of our accounts or disclosures that would result in a material misstatement to the annual or interim financial statements that would not be prevented or detected.~~ • We did not design and maintain effective controls over information technology ~~, or~~ **(“** IT ~~,~~ **”)** general controls for information systems that are relevant to the preparation of our financial statements. Specifically, we did not design and maintain (i) program change management controls to ensure that information technology program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately, (ii) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate Company personnel, (iii) computer operations controls to ensure that critical batch jobs are monitored and data backups are authorized and monitored, and (iv) testing and approval controls for program development to ensure that new software development is aligned with business and IT requirements. These IT deficiencies did not result in adjustments to the financial statements. However, the IT deficiencies, when aggregated, could impact maintaining effective segregation of duties, as well as the effectiveness of IT- dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system- generated data and reports) that could result in misstatements potentially impacting all financial statement accounts and disclosures that

would not be prevented or detected. Accordingly, management has determined the IT deficiencies in the aggregate constitute a material weakness. To address our material weaknesses, we ~~are implementing~~ **implemented** measures designed to improve our internal control over financial reporting and remediate the control deficiencies that led to the material weaknesses. These measures include (i) the ongoing hiring of additional accounting personnel; (ii) the design and implementation of our financial control environment, including the establishment of formal accounting policies and procedures, financial reporting controls and controls to account for and disclose complex transactions; and (iii) implementation of an upgraded accounting system with IT controls to insure appropriate and restricted access to our accounting applications, programs ~~,~~ and data **. As of December 31, 2023, we validated the effectiveness of controls to account for and disclose complex transactions, and the material weakness associated with the accounting for certain non- routine or complex transactions, including the proper application of U. S. GAAP, was remediated as of December 31, 2023** . We are working to remediate the material weaknesses as efficiently and effectively as possible and expect full remediation **to** ~~could potentially~~ go beyond December 31, ~~2023~~ **2024** . We cannot assure you that there will not be future material weaknesses in our internal control over financial reporting in the future. Any failure to maintain effective internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations, or cash flows. If we fail to remediate our identified material weaknesses, or identify additional material weaknesses, in our internal control over financial reporting investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by Nasdaq Stock Market LLC, the Securities and Exchange Commission, or SEC, or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets. We expect to expand our research, development, and business capabilities and potentially implement sales, marketing, and distribution capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations. As the clinical development of epetraborole and any of our ~~future~~ **other** product candidates progresses, we also expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of research, drug development, regulatory affairs and, if epetraborole or any ~~future~~ **other** product candidate receives **regulatory approval, sales,** marketing ~~approval, sales, marketing,~~ and distribution. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational, and financial systems, expand our facilities ~~,~~ and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and research and development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations. If we engage in future acquisitions or strategic collaborations, this may increase our capital requirements, dilute our stockholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks. From time to time, we may evaluate various acquisitions and strategic collaborations, including licensing or acquiring complementary drug products, intellectual property rights, technologies ~~,~~ or businesses, as deemed appropriate to carry out our business plan. Any potential acquisition or strategic collaboration may entail numerous risks, including: • increased operating expenses and cash requirements; • the assumption of additional indebtedness or contingent liabilities; • assimilation of operations, intellectual property ~~,~~ and drug products of an acquired company, including difficulties associated with integrating new personnel; • the diversion of our management' s attention from our existing drug development programs and initiatives in pursuing such a strategic partnership, merger, or acquisition; • retention of key employees, the loss of key personnel and uncertainties in our ability to maintain key business relationships; • risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing drugs or drug candidates and regulatory approvals; and • our inability to generate revenue from acquired technology and / or drugs sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs. Risks Related to Our Intellectual Property ~~If we are unable to obtain and maintain patent and other intellectual property protection for our technology, or for epetraborole or our future product candidates, or if the scope of the patent and other intellectual property protection obtained is not sufficiently broad, our competitors could develop and commercialize technology and drugs similar or identical to ours, and our ability to successfully commercialize our technology and product candidates may be impaired.~~ We do not own any issued patents and we in- license patents and patent applications for epetraborole, our lead drug compound, and our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to epetraborole and any of our ~~future~~ **other** product candidates. We seek to protect our proprietary position by in- licensing intellectual property relating to our product candidates including patent applications in the United States and abroad related to our technology and product candidates that are important to our business. If we or our licensors do not adequately protect the intellectual property we in- license or own, competitors may be able to use our technologies and erode or negate any competitive advantage that we may have, which could harm our business and ability to achieve profitability. To protect our proprietary positions, we and our licensors file patent applications in the United States and abroad related to our novel technologies and product candidates that are important to our business. The patent application and prosecution process is expensive and time- consuming. We and our current licensors and licensees, or any future licensors and licensees, may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We or our current licensors and licensees, or any future licensors or licensees may also fail to identify patentable aspects of our research and development before it is too late to obtain patent protection, or fail to continue to prosecute patents relating to our product candidates. Therefore, these and any of our in- licensed patents and patent applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. It is possible that defects of form in the preparation or filing of our licensors' patents or our patent applications may exist, or may arise in the future, such as with respect to proper priority claims,

inventorship, claim scope ~~,~~ or patent term adjustments. If our current licensors and licensees, or any future licensors or licensees, are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised and we might not be able to prevent third parties from making, using, and selling competing products. We cannot predict whether the patent applications we and our licensors or licensees are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient protection from competitors. If there are material defects in the form or preparation of our or our licensors' patents or patent applications, such patents or applications may be invalid and unenforceable. Moreover, our competitors may independently develop equivalent knowledge, methods, and know- how, and we may not be able to prevent such competitors from commercializing such equivalent knowledge, methods, and know- how. Any of these outcomes could impair our ability to prevent competition from third parties and could have a material adverse effect on our business, financial condition, results of operations ~~, or~~ **and growth** prospects. The patent position of biotechnology and pharmaceutical companies generally is highly uncertain and has been the subject of much litigation in recent years. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. In addition, the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. No consistent policy regarding the breadth of claims allowed in biotechnology and pharmaceutical patents has emerged to date in the United States or in many foreign jurisdictions. In addition, the determination of patent rights with respect to pharmaceutical compounds and technologies commonly involves complex legal and factual questions, which has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability ~~,~~ and commercial value of our patent rights are highly uncertain. Furthermore, recent changes in patent laws in the United States, including the America Invents Act of 2011, and future changes in patent laws in or outside the United States may affect the scope, strength ~~,~~ and enforceability of our patent rights or the nature of proceedings that may be brought by us related to our patent rights. We may not be aware of all third- party intellectual property rights potentially relating to epetraborole or our ~~future~~ **other** product candidates. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we or our licensors were the first to make the inventions claimed in patents or pending patent applications that we in- license or own, or that we or our licensors were the first to file for patent protection of such inventions. As a result, the issuance, scope, validity ~~,~~ and commercial value of our patent rights cannot be predicted with any certainty. Moreover, we or our licensors may be subject to a third- party pre- issuance submission of prior art to the U. S. Patent and Trademark Office ~~, or~~ **(“** USPTO **”)** , or become involved in opposition, derivation, reexamination, inter partes review, or interference proceedings, in the United States or elsewhere, challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding ~~,~~ or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or product candidates, and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize product candidates without infringing third- party patent rights. Our licensors' pending and future patent applications and our own pending and future patent applications may not result in patents being issued that protect our technology or product candidates, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. Even if our or our licensors' patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection against competing products or processes sufficient to achieve our business objectives, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our in- licensed patents or any patents we may own in the future by developing similar or alternative technologies or products in a non- infringing manner. Our competitors may seek to market generic versions of any approved products by submitting abbreviated NDAs to the FDA in which they claim that patents licensed by us or may be owned by us in the future are invalid, unenforceable, and / or not infringed. Alternatively, our competitors may seek approval to market their own products similar to or otherwise competitive with our product candidates. In these circumstances, we may need to defend and / or assert our in- licensed or owned patents, including by filing lawsuits alleging patent infringement. In any of these types of proceedings, a court, or other agency with jurisdiction may find our in- licensed patents or any owned patents, should such patents issue in the future, invalid and / or unenforceable. The issuance of a patent is not conclusive as to its inventorship, scope, validity, or enforceability, and our in- licensed patents or patents we may own in the future may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar or identical technology and product candidates, or limit the duration of the patent protection of our technology and product candidates. In addition, given the amount of time required for the development, testing, and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. Any impairment of our intellectual property rights, or our failure to protect our intellectual property rights adequately, could give third parties access to our technology and product candidates and could materially and adversely impact our business, financial condition, results of operations ~~,~~ and **growth** prospects. Our rights to develop and commercialize our technology, epetraborole, and our other ~~future~~ product candidates are subject, in large part, to the terms and conditions of licenses granted to us by others, such as Anacor. If we fail to comply with our obligations in the agreements under which we in- license or acquire development or commercialization rights to products, technology, or data from third parties, we could lose such rights that are important to our business. We are heavily reliant upon licenses to certain patent rights and other intellectual property that are important or necessary to the development of epetraborole or our ~~future~~ **other** product candidates. For example, we depend on a license agreement from Anacor, a biopharmaceutical company that originally developed epetraborole and is currently a wholly- owned subsidiary of Pfizer. Additionally, we have licensed our rights under the Anacor agreement in China, Hong Kong, Taiwan ~~,~~ and Macau to Brii Biosciences. Anacor has relied upon, and

any future licensors may have relied upon, third- party companies, consultants or collaborators, or on funds from third parties such that our licensors are not the sole and exclusive owners of the patents we in- licensed. We have sublicensed certain patents from Anacor that are owned, maintained and prosecuted by GSK. If third- party companies such as GSK fail to prosecute, maintain, enforce ~~,~~ and defend such patents, or lose rights to those patents, the rights we have licensed may be reduced or eliminated, and our right to develop and commercialize epetraborole or our other ~~future~~ product candidates that are the subject of such licensed rights could be adversely affected. Further, we rely upon Anacor' s compliance with its license agreement with GSK to maintain our sublicense to such patents owned by GSK, and any termination of Anacor' s license agreement with GSK could result in us losing our license to epetraborole. Further development and commercialization of epetraborole, and development of any ~~future~~ **other** product candidates may ~~,~~ require us to enter into additional license or collaboration agreements. For example, our licensors or other third parties may develop intellectual property covering epetraborole which we have not licensed. Our future licenses may not provide us with exclusive rights to use the licensed patent rights and other intellectual property, or may not provide us with exclusive rights to use such patent rights and intellectual property in all relevant fields of use and in all territories in which we wish to develop or commercialize epetraborole or our ~~future~~ **other** product candidates in the future. Our license agreement with Anacor, and other intellectual property- related agreements we may enter into in the future may impose diligence and other obligations, including payment of milestones and royalties. For example, our license agreement from Anacor requires us to satisfy diligence requirements, including using commercially reasonable efforts to develop and commercialize products. If we fail to comply with our obligations to Anacor or any future licensors, those counterparties may have the right to terminate the license agreements, in which event we might not be able to develop, manufacture, or market any product candidate licensed under the agreements, which could materially adversely affect the value of the product candidate being developed under any such agreement and further involve termination of our rights to important intellectual property or technology. In spite of our efforts, Anacor **imposes** or any future licensors might conclude that we are in material breach of obligations under our license agreements and may therefore have the right to terminate the license agreements, thereby removing our ability to develop and commercialize product candidates and technology covered by such license agreements. If such in- licenses are terminated, or if the underlying patents fail to provide the intended exclusivity, our competitors would have the freedom to seek regulatory approval of, and to market, products identical to our product candidates and the licensors to such in- licenses could prevent us from commercializing product candidates that rely upon the patents or other intellectual property rights which were the subject matter of such terminated agreements. In addition, we may seek to obtain additional licenses from our licensors and, in connection with obtaining such licenses, we may agree to amend our existing licenses in a manner that may be more favorable to the licensors, including by agreeing to terms that could enable third parties (potentially including our competitors) to receive licenses to a portion of the intellectual property that is subject to our existing licenses. Any of these events could have a material adverse effect on our business, financial condition, results of operations ~~,~~ and **growth** prospects. Under our license agreement with Anacor, and any future license agreements, disputes may arise regarding intellectual property subject to a licensing agreement, including: • the scope of rights granted under the license agreement and other interpretation- related issues; • the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement; • the sublicensing of patent and other rights under our collaborative development relationships; • our diligence obligations under the license agreement and what activities satisfy those diligence obligations; • the inventorship and ownership of inventions and know- how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and • the priority of invention of patented technology. In addition, the license agreements involving intellectual property or technology from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations ~~,~~ and **growth** prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates, which could have a material adverse effect on our business, financial condition, results of operations ~~,~~ and **growth** prospects. We may not be successful in obtaining necessary rights to any product candidates we may develop through acquisitions and in- licenses. We currently have rights to intellectual property, through licenses from third parties, to identify and develop product candidates. We may find it necessary or prudent to obtain licenses from such third- party intellectual property holders in order to avoid infringing these third- party patents. For example, many pharmaceutical companies, biotechnology companies ~~,~~ and academic institutions compete with us and may be filing patent applications potentially relevant to our business. The licensing or acquisition of third- party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third- party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, capital resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to license rights to us. We also may be unable to license or acquire third- party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights to required third- party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or product candidate, which could have a material adverse effect on our business, financial condition, results of operations ~~,~~ and **growth** prospects. We may become involved in lawsuits to protect or enforce our owned or in- licensed patents or other intellectual property, which could be expensive, time- consuming ~~,~~ and unsuccessful. Competitors or other third parties may infringe, misappropriate or otherwise violate our in- licensed issued patents or other intellectual property we may own. To counter such infringement, misappropriation ~~,~~ or other unauthorized use, we may be required to file infringement claims, which

can be expensive and time- consuming and divert the time and attention of our management and scientific personnel. Any claims we assert against third parties could provoke these parties to assert counterclaims against us alleging that we infringe, misappropriate or otherwise violate their patents, trademarks, copyrights ~~,~~ or other intellectual property. In addition, our in- licensed patents may become involved in inventorship or priority disputes. Third parties may raise challenges to the validity of certain of our in- licensed patent claims and may in the future raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. For example, we may be subject to a third- party pre- issuance submission of prior art to the USPTO, or become involved in derivation, revocation, reexamination, post- grant review ~~, or~~ **(“** PGR **”)** , inter partes review ~~, or~~ **(“** IPR **”)** , interference proceedings ~~,~~ and equivalent proceedings in foreign jurisdictions, such as opposition proceedings challenging any patents that we may own or in- license. Such submissions may also be made prior to a patent’ s issuance, precluding the granting of a patent based on one of our owned or licensed pending patent applications. A third party may also claim that our potential future owned patents or licensed patent rights are invalid or unenforceable in a litigation. The outcome following legal assertions of invalidity and unenforceability is unpredictable. An adverse determination in any such submission, proceeding ~~,~~ or litigation could reduce the scope of, invalidate, or render unenforceable, our potential future owned patents or licensed patent rights, allow third parties to commercialize epetraborole or our other ~~future~~ product candidates and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third- party patent rights In a patent infringement proceeding, there is a risk that a court will decide that a patent we in- license is invalid or unenforceable, in whole or in part, and that we do not have the right to stop the other party from using the invention at issue. There is also a risk that, even if the validity of such patents are upheld, the court will construe the patent’ s claims narrowly or decide that we do not have the right to stop the other party from using the invention at issue on the grounds that our in- licensed patents do not cover the invention. An adverse outcome in a litigation or proceeding involving our in- licensed patents could limit our ability to assert our in- licensed patents against those parties or other competitors and may curtail or preclude our ability to exclude third parties from making and selling similar or competitive products. Similarly, in the future, we expect to rely on trademarks to distinguish epetraborole and any of our other ~~future~~ product candidates that are approved for marketing, and if we assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable, or that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In this case, we could ultimately be forced to cease use of such trademarks. In any infringement litigation, any award of monetary damages we receive may not be commercially valuable. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during litigation. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Moreover, there can be no assurance that we will have sufficient financial or other resources to adequately file and pursue such infringement claims, which typically last for years before they are concluded. Some of our competitors and other third parties may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Even if we ultimately prevail in such claims, the monetary cost of such litigation and the diversion of the attention of our management and scientific personnel could outweigh any benefit we receive as a result of the proceedings. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing, misappropriating, or successfully challenging our intellectual property rights. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a negative impact on our ability to compete in the marketplace, which could have a material adverse effect on our business, financial condition, results of operations ~~,~~ and **growth** prospects. Third parties may initiate legal proceedings alleging that we are infringing misappropriating, or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could significantly harm our business. Our commercial success depends, in part, on our ability to develop, manufacture, market ~~,~~ and sell epetraborole or other ~~future~~ product candidates and use our proprietary chemistry technology without infringing, misappropriating or otherwise violating the intellectual property of third parties. Numerous third- party U. S. and non- U. S. issued patents exist in the area of antibacterial treatment, including compounds, formulations, treatment methods, and synthetic processes that may be applied towards the synthesis of antibiotics. If any such patents of third parties cover our product candidates or technologies, we may not be free to manufacture or market our product candidates as planned. There is a substantial amount of intellectual property litigation in the biotechnology and pharmaceutical industries, and we may become party to, or threatened with, litigation, or other adversarial proceedings regarding intellectual property rights with respect to our technology or product candidates, including interference proceedings before the USPTO. Third parties may assert claims against us based on existing or future intellectual property rights. The outcome of intellectual property litigation is subject to uncertainties that cannot be adequately quantified in advance. If we are found to have infringed, misappropriated, or otherwise violated any third party’ s intellectual property rights, we could be forced, including by court order, to cease developing, manufacturing, or commercializing epetraborole or other ~~future~~ product candidates. Alternatively, we may be required to obtain a license from such third party in order to use technology and continue developing, manufacturing ~~,~~ or marketing product candidates that infringe or violate such third party’ s intellectual property. However, we may not be able to obtain any such required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non- exclusive, thereby giving our competitors access to the same technologies licensed to us. We may also be required to pay substantial ongoing royalty or license payments ~~,~~ **or** fees ~~,~~ or comply with other unfavorable terms. In addition, we could be found liable for monetary damages, including treble damages and attorneys’ fees if we are found to have willfully infringed a patent or other intellectual property right. A finding of infringement could prevent us from commercializing epetraborole or other ~~future~~ product candidates or force us to cease some of our business operations. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a

similar negative effect on our business. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time- consuming and divert the attention of our management and key personnel from our business operations. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. During the course of litigation, there could be public announcements or the results of hearings, motions ~~,~~ or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Negative publicity related to a decision by us to initiate such enforcement actions against a customer or former customer, regardless of its accuracy, may adversely impact our other customer relationships or prospective customer relationships, harm our brand and business and could cause the market price of our common stock to decline. Any of the foregoing arising from uncertainty in legal proceedings could materially and adversely impact our business, financial condition, results of operations ~~,~~ and **growth** prospects. We may be subject to claims by third parties asserting that we or our employees, consultants, and advisors have misappropriated their intellectual property or claiming ownership of what we regard as our own intellectual property. Many of our employees, consultants ~~,~~ and advisors were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees, consultants ~~,~~ and advisors do not use the proprietary information or know- how of third parties in their work for us, we may be subject to claims that we or such employees, consultants ~~,~~ and advisors have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual' s former employer. We may also in the future be subject to claims that we have caused an employee to breach the terms of his or her non- competition or non- solicitation agreement. Litigation may be necessary to defend against these potential claims. In addition, while it is our policy to require our employees and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, such employees and contractors may breach the agreement and claim the developed intellectual property as their own. Further, we may be unsuccessful in executing such agreements with each party who, in fact, conceives, or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self- executing and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. A court could prohibit us from using technologies or features that are essential to epetraborole or other ~~future~~ product candidates if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and could be a distraction to management. In addition, any litigation or threat thereof may adversely affect our ability to hire employees or contract with independent service providers. Moreover, a loss of key personnel or their work product could hamper or prevent our ability to commercialize our product candidates. Any of the foregoing could have a material adverse impact on our business, financial condition, results of operations ~~,~~ and **growth** prospects. Any trademarks we may obtain may be infringed or successfully challenged, resulting in harm to our business. We expect to rely on trademarks as one means to distinguish any of our product candidates that are approved for marketing from the products of our competitors. We have not yet selected trademarks for our product candidates and have not yet begun the process of applying to register trademarks for our product candidates. Once we select trademarks and apply to register them, our trademark applications may not be approved. Third parties who have prior rights to our trademarks or third parties who have prior rights to similar trademarks may oppose our trademark applications, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our product candidates, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing new brands. At times, competitors may adopt trade names or trademarks similar to ours, thereby diluting or impeding our ability to build brand identity and possibly leading to market confusion. Our competitors may infringe our trademarks and we may not have adequate resources to enforce our trademarks and may not be able to prevent such third parties from using and marketing any such trademarks. In addition, any proprietary name we propose to use with epetraborole or any ~~future~~ **other** product candidate in the United States must be approved by the FDA, regardless of whether we have registered it, or applied to register it, as a trademark. The FDA typically conducts a review of proposed product names, including an evaluation of the potential for confusion with other product names. If the FDA objects to any of our proposed proprietary product names, we may be required to expend significant additional resources in an effort to identify a suitable proprietary product name that would qualify under applicable trademark laws, not infringe the existing rights of third parties and be acceptable to the FDA. If we are unable to establish name recognition based on our trademarks, we may not be able to compete effectively and our business, financial condition, results of operations ~~,~~ and **growth** prospects may be adversely affected. If we are unable to protect the confidentiality of our proprietary information, know- how ~~,~~ and trade secrets, the value of epetraborole or other ~~future~~ product candidates could be adversely affected and our business and competitive position would be harmed. In addition to seeking patent protection for epetraborole or other ~~future~~ product candidates, we also rely on trade secrets, including unpatented know- how, technology ~~,~~ and other proprietary information, to maintain our competitive position. We seek to protect our trade secrets, in part, by entering into non- disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors ~~,~~ and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. However, these agreements may be inadequate to protect our proprietary and intellectual property rights. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets. In addition, we may not be able to obtain adequate remedies for any such breaches. Although we use reasonable efforts to protect this proprietary information and technology, we also cannot guarantee that we have entered into such agreements with

each party that may have or have had access to our confidential information, know- how, trade secrets ~~,~~ or other proprietary information or each individual who has developed intellectual property on our behalf. Monitoring unauthorized uses and disclosures of our intellectual property is difficult, and we do not know whether the steps we have taken to protect our intellectual property will be effective. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive, distracting to management, and time- consuming, and the outcome is unpredictable and varied depending on the jurisdiction. In addition, some courts inside and outside the United States, in countries in which we operate or intend to operate, are less willing, or unwilling, to protect trade secrets, know- how ~~,~~ and other proprietary information. Any claims or litigation could cause us to incur significant expenses. Some third parties may be able to sustain the costs of complex litigation more effectively than we can because they have substantially greater resources. Our employees, consultants, and other parties may unintentionally or willfully disclose our information or technology to competitors and there can be no assurance that the legal protections and precaution taken by us will be adequate to prevent misappropriation of our technology or that competitors will not independently develop technologies equivalent or superior to ours. Trade secrets and know- how can be difficult to protect. Our competitors or other third parties may independently develop knowledge, methods and know- how equivalent to our trade secrets. Additionally, competitors could purchase our product candidates and replicate some or all of the competitive advantages we derive from our development efforts for technologies on which we do not have patent protection. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them, or those to whom they communicate, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed, which could have a material adverse effect on our business, financial condition, results of operations ~~,~~ and **growth** prospects. If we or our licensors do not obtain patent term extension and data exclusivity for any product candidates we or our licensors may develop, our business may be materially harmed. Given the amount of time required for the development, testing, and regulatory review of new product candidates, patents we license or may own in the future protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our intellectual property may not provide us with sufficient rights to exclude others from commercializing products similar or identical to our product candidates. Depending upon the timing, duration, and specifics of any FDA ~~marketing~~ approval of any of our product candidates, one or more of our in- licensed U. S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Action of 1984 ~~, or~~ **(the "** Hatch- Waxman Amendments **")** . The Hatch- Waxman Amendments permit a patent extension term of up to five years as compensation for patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. However, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or term of any such extension is less than 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. Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by government patent agencies, and our patent protection could be reduced or eliminated for non- compliance with these requirements. Periodic maintenance fees, renewal fees, annuity fees ~~,~~ and various other government fees on patents and applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our owned or in- licensed patents and applications. In certain circumstances, we rely on our licensing partners to pay these fees due to U. S. and non- U. S. patent agencies. The USPTO and various non- U. S. government agencies require compliance with several procedural, documentary, fee payment ~~,~~ and other similar provisions during the patent application process. We are also dependent on our licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. In some cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non- compliance can result in abandonment or lapse of the patent or patent application, resulting in a partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market with similar or identical products or technology, which could have a material adverse effect on our business, financial condition, results of operations ~~,~~ and **growth** prospects. We may not be able to protect our intellectual property rights throughout the world. Filing, prosecuting, and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States could be less extensive than those in the United States. In some cases, we or our licensors may not be able to obtain patent protection for certain licensed technology outside the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States, even in jurisdictions where we or our licensors do pursue patent protection. Consequently, we may not be able to prevent third parties from practicing our in- licensed inventions in all countries outside the United States, even in jurisdictions where our licensors do pursue patent protection or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we or our licensors have not pursued and obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with epetraborole, our ~~future~~ **other** product candidates ~~,~~ and our preclinical programs. Our in- licensed patents or other intellectual property rights may not be effective or sufficient to prevent them from competing. Many companies have encountered significant problems in protecting and defending intellectual property rights in

foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets ~~,~~ and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our in- licensed patents, if pursued and obtained, or the marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our in- licensed patents at risk of being invalidated or interpreted narrowly and our in- licensed patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. 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 may be impaired, and our business, financial condition, results of operations ~~,~~ and **growth** prospects may be adversely affected. Risks Related to Regulatory Approval of Epetraborole and Our ~~Future~~ **Other** Product Candidates and Other Legal Compliance Matters ~~If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals, we will not be able to commercialize epetraborole or our future product candidates, and our ability to generate revenue will be materially impaired.~~ Epetraborole and our ~~future~~ **other** product candidates and the activities associated with their development and commercialization, including their design, testing, manufacture, safety, efficacy, record- keeping, labeling, storage, approval, advertising, promotion, sale, **import, export** and distribution, are subject to comprehensive regulation by the FDA and other regulatory agencies in the United States and by comparable foreign regulatory authorities, with regulations differing from country to country. Failure to obtain ~~marketing~~ **regulatory** approval for a product candidate will prevent us from commercializing the product candidate. We currently do not have any products approved for sale in any jurisdiction. **For example, we are not permitted to market any product candidate in the United States until we receive regulatory approval of an NDA from the FDA.** We as a company only have limited experience in filing and supporting the applications necessary to gain ~~marketing~~ **regulatory** approvals and may rely on third- party contract research organizations to assist us in this process. ~~The time required to obtain approval, if any, by the FDA and comparable foreign authorities is unpredictable but typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities, government budget, and funding levels and statutory, regulatory, and policy changes. Average review times at the FDA have fluctuated in recent years, and disruptions at the FDA and other agencies may slow the time necessary for new drugs to be reviewed and / or approved. For example, over the last several years, including for 35 days beginning on December 22, 2018, the U. S. government has shut down several times and certain regulatory agencies, including the FDA, have had to furlough nonessential employees and stop routine activities. Events like this could significantly impact the ability of the FDA to timely review and process our regulatory submissions.~~ Approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate' s clinical development. For instance, ~~recent~~ changes to leadership ~~, enhanced focus on countermeasures related to the COVID- 19 pandemic,~~ and the reorganization and rededication of critical resources ~~,~~ at the FDA and within similar governmental health authorities across the world, may impact the ability of new products and services from being developed or commercialized in a timely manner. Regulations and requirements vary among jurisdictions, including in Japan and Europe. For instance, we met with the PMDA and gained alignment on the use of a microbiological primary endpoint to support registration ~~in Japan. We are planning to include Japanese patients in the pivotal Phase 2 / 3 clinical trial and expect that the data from the ongoing pivotal Phase 2 / 3 clinical trial of oral epetraborole for treatment- refractory MAC lung disease, if positive, will serve as the basis for the application for marketing approval~~ in Japan. We have not obtained regulatory approval for any product candidate, and it is possible that epetraborole and any product candidates we may seek to develop in the future will never obtain regulatory approval. We are not permitted to market any product candidate in the United States until we receive regulatory approval of an NDA from the FDA. **We have not sought or obtained regulatory approval for any product candidate, and it is possible that epetraborole and any product candidates we may seek to develop in the future will never obtain regulatory approval.** In order to obtain approval to commercialize a product candidate in the United States or abroad, we or our collaborators must demonstrate to the satisfaction of the FDA or foreign regulatory agencies, that such product candidates are safe and effective for their intended uses. Results from nonclinical studies and clinical trials can be interpreted in different ways. Even if we believe that the nonclinical or clinical data for a product candidate is promising, such data may not be sufficient to support approval by the FDA and other regulatory authorities. The FDA may also require us to conduct additional nonclinical studies or clinical trials for product candidates either prior to or post- approval, and it may otherwise object to elements of our clinical development program. ~~We have not submitted a marketing application for epetraborole or any other product candidates in any country or region. Any marketing application must include extensive preclinical, nonclinical, and clinical data and supporting information to establish the product candidate' s safety and efficacy for each desired indication. The marketing application (s) must also include significant information regarding the chemistry, manufacturing, and controls for the product candidate. Obtaining marketing authorization is a lengthy, expensive, and uncertain process. The FDA, EMA, PMDA, TGA, and other comparable regulatory authorities have substantial discretion in the review and approval process and may refuse to accept for filing any application or may decide that our data are insufficient for approval and require additional nonclinical, clinical, or other studies. Foreign regulatory authorities have differing requirements for approval of drugs with which we must comply prior to marketing. There can be no assurance that any foreign regulatory authorities will accept FDA approval as sufficient to support approval in that country. Obtaining marketing approval for marketing of a product candidate in one country~~

~~does not ensure that we will be able to obtain marketing approval in other countries, but the failure to obtain marketing approval in one jurisdiction could negatively affect our ability to obtain marketing approval in other jurisdictions.~~ The FDA or any foreign regulatory bodies can delay, limit or deny approval of epetraborole or other ~~future~~ product candidates or require us to conduct additional nonclinical or clinical testing or abandon a program for many reasons, including: • disagreement with the design or implementation of our clinical trials; • negative or ambiguous results from our clinical trials or results that may not meet the level of statistical significance required by the FDA or comparable foreign regulatory agencies for approval (for example, otherwise positive epetraborole results may be called into question if patient reported outcomes introduce ambiguity due to factors such as co- morbidities and other underlying patient issues); • serious and unexpected drug- related side effects experienced by participants in our clinical trials or by individuals using drugs similar to our product candidates; • **the population studied may not be sufficiently broad or representative to assure safety in the full populations for which we seek approval; •** our inability to demonstrate to the satisfaction of the FDA or the applicable foreign regulatory body that our product candidates are safe and effective for the proposed indication; • disagreement with the interpretation of data from nonclinical studies or clinical trials; • our inability to demonstrate the clinical and other benefits of our product candidates outweigh any safety or other perceived risks; • requirements for additional nonclinical studies or clinical trials; • disagreement regarding the formulation, labeling, and / or the specifications we propose for our product candidates; **• approval may be granted only for indications that are significantly more limited than those sought by us, and / or may include significant restrictions on distribution and use; • deficiencies in the manufacturing processes or facilities of the third- party manufacturers with which we contract for clinical and commercial supplies; • refusals by regulators to accept a submission due to, among other reasons, the content or formatting of the submission;** or • changes in a policies, requirements, or regulations rendering our clinical data insufficient for approval. Of the large number of drugs in development, only a small percentage complete the FDA or foreign regulatory approval processes and are successfully commercialized. The lengthy review process as well as the unpredictability of future clinical trial results may result in our failing to obtain regulatory approval, which would significantly harm our business, financial condition, results of operations ~~,~~ and **growth** prospects. Even if we eventually receive approval of an NDA or foreign marketing application for our product candidates, the FDA, or the applicable foreign regulatory agency may grant approval contingent on the performance of costly additional clinical trials, often referred to as Phase 4 clinical trials, and the FDA may require the implementation of a REMS, which may be required to ensure safe use of the drug after approval. The FDA or the applicable foreign regulatory agency also may approve a product candidate for a more limited indication or patient population than we originally requested, and the FDA or applicable foreign regulatory agency may not approve the labeling that we believe is necessary or desirable for the successful commercialization of a product candidate. Any delay in obtaining, or inability to obtain, applicable regulatory approval would delay or prevent commercialization of that product candidate and would materially adversely impact our business and prospects. ~~Future legislation,~~ **Disruptions at the FDA** and **other government agencies caused** ~~/ or regulations and policies adopted~~ by **funding shortages or global health concerns could hinder their ability to hire, retain or deploy key leadership and other personnel, prevent new or modified products from being developed, review, approved or commercialized in a timely manner or at all, which could negatively impact our business. The ability of** the FDA ~~, the PMDA, the EMA, the TGA, or comparable regulatory authorities, may increase the time~~ and ~~cost required for us to conduct and complete clinical trials of epetraborole or other future product candidates. The FDA has established regulations to govern the drug development and approval process, as have~~ foreign regulatory authorities ~~. The policies~~ **to review and approve new products can be affected by a variety** of **factors, including government budget and funding levels, statutory, regulatory, and policy changes,** the FDA ~~and other~~ **' s or foreign** regulatory authorities ~~may change~~ **' ability to hire** and **retain key personnel and accept the payment of user fees, and other events that may otherwise affect the FDA' s or foreign regulatory authorities' ability to perform routine functions. Average review times at the FDA and foreign regulatory authorities have fluctuated in recent years as a result. In** ~~additional~~ -- **addition,** ~~laws may be enacted or~~ government ~~regulations may be promulgated~~ **funding of other government agencies** that **fund research and development activities is subject to** ~~could prevent, limit, delay, or alternatively accelerate regulatory review of epetraborole or other~~ -- **the political process** ~~future product candidates. Further~~ , **which is inherently fluid and unpredictable.** ~~disruptions~~ **Disruptions** at the FDA and other agencies may ~~prolong~~ **also slow** the time necessary for new drugs **or modifications to approved drugs and biologics** to be reviewed and / or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, the U. S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical **FDA** employees and stop critical activities **. Separately, in response to the COVID- 19 pandemic, the FDA postponed most inspections at domestic and foreign manufacturing facilities at various points. Even though the FDA has since resumed standard inspection operations, any resurgence of the virus may lead to other inspectional or administrative delays** . If a prolonged government shutdown occurs, **or if global health concerns hinder or prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities,** it could significantly impact the ability of the FDA **or other regulatory authorities** to timely review and process our regulatory submissions, which could have a material adverse effect on our business ~~. We have received orphan drug designation for epetraborole in the United States and in Europe, and we may seek orphan drug designation for epetraborole in other regions or indications, or for our future product candidates~~ . We may not be able to obtain or maintain orphan drug designations for any product candidates, and we may be unable to take advantage of the benefits associated with orphan drug designation, including the potential for market exclusivity. Regulatory authorities in some jurisdictions, including the United States, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act of 1983, the FDA may designate a product as an orphan product if it is intended to treat a rare disease or condition, which is generally defined as a diagnosed patient population of fewer than 200, 000 individuals in the United States, or a patient population of greater than 200, 000 individuals in the United States, but for which there is no

reasonable expectation that the cost of developing the drug will be recovered from sales in the United States. Similar laws exist in Europe and Japan. The European Commission may grant a product orphan medicinal product designation if the product is intended for the treatment, prevention or diagnosis of a life- threatening or very serious condition, with a prevalence in the European Union of not more than five in 10, 000 people, and where either no satisfactory method of diagnosis, prevention or treatment of the condition in question exists, or if such method exists that the medicinal product will be of significant benefit to those affected by that condition. As part of our business strategy, we sought and have received orphan drug designation from the FDA and orphan medicinal product designation from the European Commission for epetraborole for the treatment of infections caused by NTM **, and we may seek additional orphan designations for epetraborole or our other product candidates** ; however, we may not be able to maintain this status. There can be no assurance that the FDA or European Commission will grant **any** orphan drug ~~designation~~ **designations** ~~for epetraborole to treat any other condition for which we may apply~~ . We may also seek orphan drug designation for ~~future~~ **other** product candidates, and we may be unsuccessful in obtaining this designation. In the United States, orphan designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages, and user- fee waivers. In addition, if a product candidate that has orphan drug designation subsequently receives the first FDA approval for the disease **or condition** for which it has such designation, it is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications, including an NDA, to market the same drug for the same ~~indication~~ **disease or condition** for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity or where the manufacturer is unable to assure sufficient product quantity. ~~Pediatric exclusivity can provide an additional six months of market exclusivity in the United States. In addition, more~~ **More** than one product may be approved by the FDA for the same orphan ~~indication or~~ disease **or condition** , as long as the products are different drugs **, as determined by the FDA** . As a result, even though we have obtained orphan drug designation from the FDA for epetraborole for the treatment of infections caused by NTM, **even** if epetraborole is approved by the FDA and receives orphan drug exclusivity **, absent other applicable exclusivities** , the FDA can still approve other drugs for use in treating the same indication or disease covered by epetraborole, which could create a more competitive market for us. The failure to successfully obtain orphan drug ~~market exclusivity or pediatric drug market~~ exclusivity would adversely affect our business. Even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs can be approved for the same **disease or** condition. Even after an orphan drug is approved, the FDA or comparable foreign regulatory authority can subsequently approve the same drug for the same **disease or** condition if such regulatory authority concludes that the later drug is clinically superior if it is shown to be safer, more effective, or makes a major contribution to patient care. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process. ~~While we have obtained orphan drug designation~~ **Designation** ~~for epetraborole for the treatment~~ of ~~infections caused by NTM, we may not be able to maintain such designation; and while we may seek orphan drug designations for epetraborole for other indications or for~~ any ~~future~~ **of our** product candidates **as a** ~~for applicable indications, we may never receive such designations. Even though we have received orphan drug designation for epetraborole for the treatment of infections caused by NTM, and may receive further such designations in the future, there is no guarantee that we will utilize the benefits of those designations. We have received FDA~~ Qualified Infectious Disease Product ~~, or~~ **(“** QIDP ~~, designation~~ **”) may not actually lead to faster development** ~~for~~ **or** ~~epetraborole~~ **regulatory review or other benefits** , and ~~may seek designation~~ **does not assure FDA approval** of any ~~future~~ **product** candidates **which may** ~~as QIDPs. Even if we~~ receive such ~~designations~~ **designation** ~~,~~ **. The Generating Antibiotic Incentives Now (** ~~there~~ **the** ~~is no assurance that~~ **“ GAIN Act ”) established certain programs intended to incentivize** the **development of** ~~FDA will approve a product candidate. A QIDP is an~~ antibacterial ~~or~~ **and** antifungal ~~drug~~ **drugs** ~~intended~~ **for human use** to treat serious or life- threatening infections **. Specifically, pursuant to the GAIN Act, the FDA may designate certain antimicrobial products as QIDPs, which provides sponsors with certain benefits during the development and review process. In December 2021, the FDA granted QIDP designation to epetraborole for treatment- refractory MAC lung disease. A QIDP is defined as an antibacterial or antifungal drug, including a biological product, for human use that acts on bacteria or fungi, or on substances produced by such bacteria or fungi, and is intended to treat serious or life- threatening infections** , including those caused by **either (1)** an antibacterial or antifungal resistant pathogen, including novel or emerging infectious pathogens **,** or ~~certain~~ **(2) a so- called** “ qualifying ~~pathogens~~ **pathogen** .” ~~Upon the regulatory approval~~ **found on a list** of **potentially dangerous, drug- resistant organisms established** ~~an~~ **and** ~~NDA for~~ **maintained by the FDA under the GAIN Act. The FDA has interpreted QIDP designation to apply to** a **specific** drug product **, including a specific dosage form of the product, and the FDA does not apply the** ~~designated~~ **designation to the drug substance in general or beyond the specified indications identified in the designation. The benefits of QIDP designation include eligibility for Fast Track designation, priority review of a submitted marketing application, and an extension** by ~~the FDA as a QIDP, the product is granted~~ an additional ~~period of~~ five years of ~~regulatory~~ **any non- patent** exclusivity **period awarded, such as a five- year exclusivity period awarded for a new chemical entity** . ~~Even though we have~~ **This extension is in also addition to any pediatric exclusivity extension that may be awarded. A sponsor must request such designation before submitting a marketing application, and the FDA will respond to a request for QIDP designation within 60 days of the date the FDA** ~~received~~ **receives the request. Receipt of QIDP designation does not assure ultimate approval by the FDA or related GAIN Act exclusivity benefits. Under the GAIN Act, the FDA may only revoke** a **QIDP designation if the request for such designation contained an untrue statement of material fact. While we believe that our request for our QIDP designation did not contain any untrue statement of material fact, if the FDA were to seek to revoke our** QIDP designation for epetraborole, **and if FDA were successful in doing so, we would not obtain the GAIN Act exclusivity benefits** ~~or~~ **for epetraborole, which could have a material, adverse effect on our business prospects. Obtaining a QIDP designation does not change the standards for product approval but** may ~~receive~~ **expedite the development or approval**

process. Accordingly, such **QIDP** ~~designation~~ **designations may** ~~for any future product candidate, there is no~~ **not** ~~assurance that such product candidate will be~~ **actually result in faster clinical development or regulatory review or** ~~approved~~ **approval** ~~by the FDA~~. We have received Fast Track designation from the FDA, but receipt of such designation may not actually lead to a faster development, regulatory review, or approval process, and does not assure ultimate FDA approval. We received Fast Track designation from the FDA to investigate epetraborole for treatment- refractory MAC lung disease ~~. We~~ **, and we** may seek **additional** ~~breakthrough therapy designation for this indication, or~~ Fast Track ~~designation~~ **designations** for ~~future~~ **our** product candidates or for **epetraborole in** other indications. **If** ~~A breakthrough therapy is defined as a product that is intended, alone or in combination with one or more other products, to treat a serious or life- threatening disease or condition, and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For products that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Products designated as breakthrough therapies by the FDA can also be eligible for accelerated approval. Designation as a breakthrough therapy is within the discretion of the FDA. Accordingly, even if we believe one of our product candidates meets the criteria for designation as a breakthrough therapy, the FDA may disagree and instead determine not to make such designation. In any event, the receipt of a Breakthrough Therapy Designation for~~ a product candidate ~~may not result in a faster development process, review, or approval compared to products considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of our product candidates qualify as breakthrough therapies, the FDA may later decide that the products no longer meet the conditions for qualification and rescind the breakthrough designation. If a product~~ is intended for the treatment of a serious or life- threatening condition and the product demonstrates the potential to address unmet medical needs for this condition, the product sponsor may apply for Fast Track designation. **Fast Track designation applies to the combination of the product candidate and the specific indication for which it is being studied.** The **sponsor of a Fast Track product candidate has opportunities for more frequent interactions with the applicable** FDA **review team during product development and, once an NDA is submitted, the application may be eligible for priority review. An NDA submitted for a Fast Track product candidate may also be eligible for rolling review, where the FDA may consider for review sections of the NDA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA, the FDA agrees to accept sections of the NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the application. The TFDA** has broad discretion whether or not to grant this designation, so even if we believe a particular product candidate is eligible for this designation, we cannot assure you that the FDA would decide to grant it. Even though we have received Fast Track designation to develop epetraborole in ~~certain indications~~ **treatment- refractory MAC lung disease** , ~~or~~ **and even** if we receive Fast Track designation for other product candidates or indications, we may not experience a faster development process, review, or approval compared to conventional FDA procedures and does not assure ultimate approval by the FDA. The FDA may withdraw Fast Track designation if it believes that the designation is no longer supported by data from our clinical development program. **Many product candidates that have received Fast Track Designation have ultimately failed to obtain approval.** We may seek FDA approval using the limited- population antibacterial drug ~~, or~~ **(“** LPAD ~~,~~ **”)** pathway. We may not be able to obtain or maintain LPAD designations for epetraborole and / or any future candidates, and we may be unable to take advantage of the benefits associated with LPAD designation. We may seek FDA approval for epetraborole using the LPAD pathway, through which the FDA may review and approve new antibacterial drugs to treat serious bacterial diseases in patients with an unmet medical need and for which effective antibacterial drugs are limited or lacking. ~~This~~ **Specifically, under Section 506 (h) (1) of the Federal Food, Drug, and Cosmetic Act (“ FDCA ”), the FDA may approve an antibacterial or anti- fungal drug, alone or in combination with one or more other drugs under the LPAD** pathway **. For FDA to approve a drug under the LPAD pathway, the drug must be intended to treat a serious or life- threatening infection in a limited population of patients with unmet needs, the FDA’ s traditional standards for approval must be otherwise met and the FDA must receive a written request from the sponsor to approve the drug as a limited population drug. By pursuing this pathway, we** may ~~allow us~~ **be able** to conduct a more streamlined development program **, including the potential to seek approval using smaller, shorter or fewer clinical trials than would otherwise be required to pursue approval within a broader patient population. If our ongoing Phase 2 / 3 clinical trial of epetraborole is successful, we may submit an NDA seeking approval under the LPAD pathway. However, there is a risk that the FDA may not agree that epetraborole qualifies for approval under the LPAD pathway, even if we believe the results from our Phase 2 / 3 clinical trial are sufficiently positive and warrant such approval, in which case we may be required to conduct additional clinical trials of epetraborole before we are able to seek approval, if ever. Any requirements for us to conduct additional clinical trials would increase our costs and have an adverse effect on our business** . In ~~accordance with the 2017 FDA Guidance~~ **addition, even if we are able to obtain approval** for **epetraborole under** ~~Industry Antibacterial Therapies for Patients With an Unmet Medical Need for~~ the **LPAD pathway** ~~Treatment of Serious Bacterial Diseases~~ , ~~any~~ **the FDCA requires that** ~~drug~~ **drugs** approved under ~~this pathway must be labeled with~~ the ~~statement “ Limited Population ” in a prominent manner and adjacent to the proprietary name of the drug and the INDICATIONS AND USAGE section of the label pathway should summarize the limitations of available data that supported the approval. For example, but not limited to, the label must specify the limitations of the pathogens evaluated in the clinical trial or clinical trials conducted to evaluate the approved drug or the limitations of the amount of available safety data. If we do not receive~~ LPAD pathway **include certain labeling statements that** ~~approval (for example, because the FDA determines the trial does not meet the requirement of safety and efficacy necessary for approval), longer and more costly clinical trials~~ may **limit the commercial potential of epetraborole,** ~~be required. The FDA does not determine~~ if **approved** ~~the LPAD pathway is applicable until the~~

~~time of the NDA submission, and this creates uncertainty as to our ability to use this pathway~~ . We may **attempt to** seek accelerated approval in the United States for **certain of** our **product** ~~epetraborole and future~~ candidates. If we are not able to use that pathway, we may be required to conduct additional clinical trials beyond those that are contemplated, which would increase the expense of obtaining, and delay the receipt of, necessary ~~marketing~~ **regulatory** approvals, if we receive them at all. In addition, even if an accelerated approval pathway is available to us **,** it may not lead to expedited approval of our product candidates, or approval at all. Under the FDCA and implementing regulations, the FDA may grant accelerated approval to a product candidate to treat a serious or life- threatening condition that provides meaningful therapeutic benefit over available therapies, upon a determination that the product has an effect on a surrogate endpoint or intermediate clinical endpoint that is reasonably likely to predict clinical benefit. The FDA considers a clinical benefit to be a positive therapeutic effect that is clinically meaningful in the context of a given disease, such as irreversible morbidity or mortality. For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign ~~,~~ or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. An intermediate clinical endpoint is a clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit measurement of a therapeutic effect that is considered reasonably likely to predict the clinical benefit of a drug. The accelerated approval pathway may be used in cases in which the advantage of a new drug over available therapy may not be a direct therapeutic advantage, but is a clinically important improvement from a patient and public health perspective. **If granted,** ~~Prior to seeking such~~ accelerated approval ~~we~~ **is usually contingent on the sponsor' s agreement to conduct, in a diligent manner, additional confirmatory studies to verity and describe the drug' s clinical benefit. If such post- approval studies fail to confirm the drug' s clinical benefit or are not completed in a timely manner, the FDA may withdraw its approval of the drug on an expedited basis. In addition, in December 2022, President Biden signed an omnibus appropriations** ~~will~~ **bill to fund the U. S. government through fiscal year 2023. Included in the omnibus bill is the Food and Drug Omnibus Reform Act of 2022, which among other things, provided FDA new statutory authority to mitigate potential risks to patients from** ~~continue~~ **continued marketing of ineffective drugs previously granted accelerated approval. Under these provisions, the FDA may require a sponsor of a product seeking accelerated approval to have a confirmatory trial underway prior to such approval being granted. Prior to seeking accelerated approval for any of our product candidates we intend** to seek feedback from the FDA or **will** ~~comparable foreign regulatory agencies and~~ otherwise evaluate ~~our, or their,~~ ability to seek and receive ~~such~~ accelerated approval. There can be no assurance that **after** ~~the FDA or~~ **our evaluation** ~~foreign regulatory agencies will agree with our surrogate endpoints or intermediate clinical endpoints in any~~ of **the feedback and other factors** ~~our clinical trials, or that~~ we will decide to pursue or submit ~~any~~ - **an** ~~additional~~ NDA for accelerated approval or any other form of expedited development, review or approval. ~~Similarly, there can be no assurance that, after feedback from the FDA or comparable foreign regulatory agencies, we will continue to pursue or apply for accelerated approval or any other form of expedited development, review or approval.~~ Furthermore, ~~for any submission of~~ **if we decide to submit** an application for accelerated approval ~~or~~ **for our product candidates** ~~application under another expedited regulatory designation~~ , there can be no assurance that such ~~submission or~~ application will be accepted ~~for filing~~ or that any expedited development, review or approval will be granted on a timely basis, or at all. **The** ~~In December 2022, the Consolidated Appropriations Act, 2023, including the Food and Drug Omnibus Reform Act (" FDORA "), was signed into law. FDORA made several changes to the~~ FDA **or** ~~' 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. A failure to obtain accelerated approval or any other form of expedited development, review or approval for our product candidates, or withdrawal of a product candidate, would result in a longer time period until commercialization of such product candidate, could increase the cost of development of such product candidate and could harm our competitive position in the marketplace. Under accelerated or conditional approval regulations of the FDA or comparable foreign regulatory authorities, we must comply with post- approval development and regulatory requirements to maintain the approval and we fail to do so, the FDA or~~ comparable foreign regulatory authorities could ~~withdraw~~ **also require us to conduct further studies prior to considering our application or granting approval of** ~~an~~ **any type. A failure to obtain accelerated approval or any other form of expedited development, review or** approval for ~~the indication that received accelerated or~~ **our product candidate** ~~conditional approval, which~~ would **result in** ~~lead to substantially lower revenues. For drugs approved under the FDA' s Accelerated Approval Program, the FDA typically requires post- marketing confirmatory trials to confirm the anticipated clinical benefit. These confirmatory trials must be completed with due diligence. If we were to fail to perform the required post- approval studies with due diligence or on~~ a **longer** ~~timely~~ -- **time period** ~~basis, the FDA has the authority~~ to **commercialization** ~~withdraw approval~~ of **such product candidate** ~~a drug following a hearing conducted under the FDA' s regulations~~ , ~~which~~ **if any,** could **increase** ~~have a material adverse impact on our business. We cannot be certain of~~ the ~~results~~ **cost** of ~~any confirmatory clinical studies~~ **development of such product candidate and could harm** ~~or~~ **our competitive position in** ~~what action the FDA may take if the results of those~~ -- **the marketplace** ~~studies are not sufficient for full approval~~ . Failure to obtain ~~marketing~~ **regulatory** approval in foreign jurisdictions would prevent epetraborole or our ~~future~~ **other** product candidates from being marketed in these territories. Any approval we are granted for our product candidates in the United States would not assure approval of our product candidates in foreign jurisdictions. In order to market and sell epetraborole or our ~~future~~ **other** product candidates in Japan, the European Union, United Kingdom, other areas of Asia **, Australia** , and any other jurisdictions, we must obtain separate ~~marketing~~ **regulatory** approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain approval from the FDA. The regulatory approval process outside the United States generally includes all of the risks associated

with obtaining approval from the FDA. In addition, in many countries outside the United States, it is required that the product be approved for reimbursement before the product can be approved for sale in that country. We may not obtain approvals from regulatory authorities outside the United States on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and data from clinical studies approved by the FDA may not be accepted by foreign regulatory agencies, and approval by one regulatory authority outside the United States does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. However, failure to obtain approval in one jurisdiction may impact our ability to obtain approval elsewhere. We may not be able to file for marketing authorization and may not receive necessary approvals to commercialize our product candidates in any market. Even if we obtain ~~marketing~~ **regulatory** approvals for epetraborole or any ~~future~~ **other** product candidates, the terms of approvals and ongoing regulation of such product candidates may limit how we manufacture and market the product candidates and compliance with such requirements may involve substantial resources, which could materially impair our ability to generate revenue. Even if ~~marketing~~ **regulatory** approval of epetraborole or any ~~future~~ **other** product candidates is granted, an approved product and its manufacturer and marketer are subject to ongoing review and extensive regulation, including **with respect to** the ~~potential~~ **manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, import, export and recordkeeping for the product. These** requirements **include submissions of safety** ~~to implement a risk evaluation~~ and **other** ~~mitigation strategy or to conduct costly~~ post- marketing ~~studies~~ **information and reports, registration, as well as ongoing compliance with cGMPs and GCPs** ~~or~~ **for any** clinical trials ~~and surveillance to monitor the safety or efficacy of the product. We must also comply with requirements concerning advertising and promotion for any of our product candidates for which we obtain marketing approval. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved labeling. Thus~~, ~~we will not be able to promote any products we develop for indications or uses for which they are not approved.~~ In addition, manufacturers of approved products and those manufacturers' facilities are required to comply with extensive FDA requirements including ensuring that quality control and manufacturing procedures conform to cGMP, which include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and documentation and reporting requirements. We and our contract manufacturers could be subject to periodic unannounced inspections by the FDA to monitor and ensure compliance with cGMP. Accordingly, assuming we receive ~~marketing~~ **regulatory** approval for one or more product candidates, we and our contract manufacturers will continue to expend time, money, and effort in all areas of regulatory compliance **. If we or a regulatory agency discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facilities where the product is manufactured, a regulatory agency may impose restrictions on that product, the manufacturing facility or us** , including **requiring recall or withdrawal of the product from the market or suspension of** manufacturing ~~, production, product surveillance, and quality control~~ . **In addition, failure** ~~If we are not able~~ to comply with ~~post- approval~~ **FDA and other comparable foreign** regulatory requirements ~~, we could have the marketing approvals for our product candidates withdrawn by regulatory authorities and our ability to market any future products could be limited, which could adversely affect our ability to achieve or sustain profitability. Thus, the cost of compliance with post- approval regulations~~ may ~~have a negative effect on our operating results and financial condition. Any product candidate for which we obtain marketing approval could be~~ subject ~~to post- marketing restrictions or~~ **our** ~~recall or withdrawal from the market, and we may be subject to penalties if we fail to comply~~ **company** ~~with regulatory requirements or if we experience unanticipated problems with epetraborole or any future product candidates, when and if any of them are approved. The FDA and other federal and state agencies, including the U. S. Department of Justice, or the DOJ, closely regulate compliance with all requirements governing prescription drug products, including requirements pertaining~~ to **administrative or judicially** ~~marketing and promotion of drugs in accordance with the provisions of the approved labeling and manufacturing of products in accordance with cGMP requirements. The FDA and DOJ impose~~ **imposed** ~~stringent restrictions on manufacturers' communications regarding off- label use and if we do not market epetraborole or our future product candidates for their approved indications, we may be subject to enforcement action~~ **sanctions** ~~for off- label marketing. Violations of such requirements may lead to investigations alleging violations of the Food, Drug and Cosmetic Act and other statutes, including the False Claims Act and other federal and state health care fraud and abuse laws as well as state consumer protection laws. • Our failure to comply with all regulatory requirements, and later discovery of previously unknown adverse events or other problems with our products, manufacturers or manufacturing processes, may yield various results~~ , including: • ~~litigation involving patients taking our product candidates; •~~ restrictions on ~~such~~ **the marketing or manufacturing of our** products, **withdrawal** ~~manufacturers, or manufacturing processes; • restrictions on the labeling or marketing~~ of ~~a~~ **the** product **from the market or voluntary or mandatory product recalls** ; • restrictions on product distribution or use ~~; •~~ **, or** requirements to conduct post-marketing studies or clinical trials; • **fines, restitutions, disgorgement of profits or revenues,** warning ~~or~~ **letters,** untitled letters **or holds on clinical trials** ~~; • withdrawal of the products from the market~~ ; • refusal **by the FDA** to approve pending applications or supplements to approved applications ~~that we submit~~ **submitted** ~~; • recall of products; • fines~~ , ~~restitution~~ or ~~disgorgement of profits or revenues; •~~ suspension or ~~withdrawal~~ **revocation** of ~~marketing~~ approvals; • ~~damage~~ **product seizures or detentions, or refusal** to ~~relationships with~~ **permit the import or export of our products; and • injunctions or the imposition of civil or criminal penalties. The occurrence of** any **event** ~~potential collaborators; • unfavorable press coverage and damage to our~~ - **or penalty described above may inhibit** ~~reputation; • refusal to permit the import or~~ **our** ~~export of~~ **ability to commercialize** our product candidates **and generate revenue and could require** ~~; • product seizure; or • injunctions or the imposition of civil or criminal penalties. Non- compliance by~~ us ~~or any future collaborator with regulatory requirements regarding safety monitoring or pharmacovigilance, and with requirements related~~ to **expend** ~~the development of products for the pediatric population, can also result in~~ significant **time** ~~financial penalties. Similarly, failure to comply with regulatory requirements regarding the protection of personal information can also lead to significant penalties~~ and **resources** ~~sanctions.~~

~~Non- compliance with EU requirements regarding safety monitoring or pharmacovigilance, and with requirements related to the development of products for the pediatric population, also can result~~ in ~~significant financial penalties~~ **response and could generate negative publicity** . **The FDA** ~~Similarly, failure to comply with the EU~~ ' s **and other regulatory authorities' policies may change and additional government regulations may be promulgated that could prevent, limit or delay marketing authorization of any product candidates we develop. We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing** requirements ~~regarding~~ **or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may be subject to enforcement action and we may not achieve or sustain profitability. The FDA and** ~~the~~ **other** ~~protection~~ **regulatory agencies actively enforce the laws and regulations prohibiting the promotion of** ~~of~~ **off** ~~personal information can~~ **- label uses. The FDA and other regulatory authorities strictly regulates marketing, labeling, advertising and promotion of prescription drugs. These regulations include standards and restrictions for direct- to- consumer advertising, industry- sponsored scientific and educational activities, and promotional activities involving the internet and off- label promotion. For example, any regulatory approval that the FDA grants is limited to those specific diseases and indications for which a product is deemed to be safe and effective by FDA. While physicians in the United States may choose, and are generally permitted, to prescribe drugs for uses that are not described in the product' s labeling and for uses that differ from those tested in clinical trials and approved by the regulatory authorities, our ability to promote any products will be narrowly limited to those indications that are specifically approved by the FDA. If we are found to have promoted such off- label uses, we may become subject to significant liability. The U. S. federal government has levied large civil and criminal fines against companies for alleged improper promotion of off- label use and has enjoined several companies from engaging in off- label promotion. The FDA has** also ~~lead~~ **requested that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed. If we cannot successfully manage the promotion any product candidates, if approved, we could become subject** to significant ~~penalties~~ **liability, which would materially adversely affect our business, financial condition, results of operations** and ~~sanctions~~ **growth prospects** . Our employees, independent contractors, principal investigators, CROs, consultants, commercial partners, and vendors may engage in misconduct or other improper activities, including non- compliance with regulatory standards and requirements. We are exposed to the risk of employee fraud or other misconduct or failure to comply with applicable regulatory requirements. Misconduct, errors, or omissions by employees and independent contractors, such as principal investigators, CROs, consultants, commercial partners, and vendors, could include failures to comply with regulations of the FDA, the PMDA ~~, the EMA,~~ and other comparable regulatory authorities, to provide accurate information to such regulators, to comply with manufacturing standards we have established, to comply with healthcare fraud and abuse laws, to report financial information or data accurately, to disclose unauthorized activities to us, or to comply with requirements of government contracts (e. g., the September 2022 NIAID contract). In particular, sales, marketing, and other business arrangements in the healthcare industry are subject to extensive laws intended to prevent fraud, kickbacks, self- dealing, and other abusive practices. These laws may restrict or prohibit a wide range of business activities, including, but not limited to, research, manufacturing, distribution, pricing, discounting, marketing, and promotion, sales commission, customer incentive programs, and other business arrangements. Employee and independent contractor misconduct could also involve the improper use of individually identifiable information, including, without limitation, information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. In addition, federal procurement laws impose substantial penalties for misconduct in connection with government contracts and require certain contractors to maintain a code of business ethics and conduct. It is not always possible to identify and deter employee and independent contractor misconduct, and any precautions we take to detect and prevent improper activities 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. If any such actions are instituted against us, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, disgorgement, possible exclusion from participation in Medicare, Medicaid, and other federal healthcare programs, contractual damages, reputational harm, diminished profits, and future earnings, additional reporting or oversight obligations if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non- compliance with the law and curtailment, or restructuring of our operations, any of which could adversely affect our ability to operate. If we successfully commercialize epetraborole or one of our ~~future~~ **other** product candidates, failure to comply with our reporting and payment obligations under U. S. governmental pricing programs could have a material adverse effect on our business, financial condition, ~~and~~ results of operations **and growth prospects** . If we participate in the Medicaid Drug Rebate Program ~~,~~ **and / or Medicare** Part D, if and when we successfully commercialize a product candidate, we will be required to report certain pricing information for such product candidate to the Centers for Medicare & Medicaid Services, the federal agency that administers the Medicaid and Medicare programs. We may also be required to report pricing information to the U. S. Department of Veterans Affairs. If we become subject to these reporting requirements, we will be liable for errors associated with our submission of pricing data, for failure to report pricing data in a timely manner, and for overcharging government payers, which can result in civil monetary penalties under the Medicaid statute, the federal civil False Claims Act, and other laws and regulations. Our current and future relationships with healthcare professionals, principal investigators, consultants, customers, and third- party payors in the United States and elsewhere may be subject, directly or indirectly, to applicable anti- kickback, fraud and abuse, false claims, physician payment transparency ~~,~~ ~~health information privacy and security,~~ and other healthcare laws and regulations, which could expose us to penalties. Healthcare providers, physicians, and third- party payors in the United States and elsewhere will play a primary role in the recommendation and prescription of any product candidates for which we obtain ~~marketing~~ **regulatory** approval. Our current

and future arrangements with healthcare professionals, principal investigators, consultants, customers, and third- party payors may expose us to broadly applicable fraud and abuse and other healthcare laws ~~, including, without limitation, the federal Anti-Kickback Statute and the federal False Claims Act,~~ that may constrain the business or financial arrangements and relationships through which we research, sell, market, and distribute any product candidates for which we obtain ~~marketing~~ **regulatory** approval. In addition, we may be subject to physician payment transparency laws and ~~patient privacy and security regulation~~ **regulations** by the federal government and by the states and foreign jurisdictions in which we conduct our business. The applicable federal, state, and foreign healthcare laws that may affect our ability to operate include the following: • the federal Anti- Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, lease ~~,~~ **or** order, or **the arranging for or** ~~recommendation~~ --- **recommending** ~~of~~ **the purchase** , **lease or order of** any good, facility, item or service, for which payment may be made, in whole or in part, under federal and state healthcare programs such as Medicare and Medicaid **. A person or entity does not need to have actual knowledge of the federal Anti- Kickback Statute or specific intent to violate it in order to have committed a violation** ; • federal civil and criminal false claims laws, including the federal False Claims Act, which impose criminal and civil penalties, including through civil whistleblower or qui tam actions, against individuals or entities for, among other things, knowingly presenting, or causing to be presented, to the federal government, including the Medicare and Medicaid programs, claims for payment that are false or fraudulent ~~or~~ **, knowingly** making **, using or causing to be made or used, a false record or statement material to a false or fraudulent claim, or from knowingly making or causing to be made** a false statement to avoid, decrease, or conceal an obligation to pay money to the federal government **. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti- Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act** ; • the federal civil monetary penalties statute, which imposes penalties against any person or entity who, among other things, is determined to have presented or caused to be presented a claim to a federal health program that the person knows or should know is for an item or service that was not provided as claimed or is false or fraudulent; • ~~the federal Health Insurance Portability and Accountability Act of 1996, or~~ HIPAA ~~,~~ which created additional federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of whether the payor is public or private, knowingly and willfully embezzling or stealing from a health care benefit program, willfully obstructing a criminal investigation of a health care offense and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters **. Similar to** ~~; • HIPAA, as amended by~~ the ~~Health Information Technology~~ **federal Anti- Kickback Statute, a person** ~~for~~ **or** ~~Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, which impose obligations on " covered entities, " including certain healthcare providers, health plans, and healthcare clearinghouses, as well as their respective " business associates " and their respective subcontractors that create, receive, maintain, or transmit individually identifiable health information for or on behalf of a covered~~ entity ~~, with respect~~ **does not need** to **have actual knowledge** ~~safeguarding the privacy, security, and transmission~~ of ~~individually identifiable health information~~ **the statute or specific intent to violate it in order to have committed a violation** ; • the federal Physician Payments Sunshine Act, **which** ~~created under Section 6002 of Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, the ACA, and its implementing regulations, created annual reporting requirements~~ ---- **requires** ~~for~~ manufacturers of **certain** drugs, devices, biologicals, and medical supplies for **which payment is available under Medicare, Medicaid or the Children' s Health Insurance Program (with** certain **exceptions) to report annually to the Centers for Medicare & Medicaid Services (" CMMS ") information related to** payments and " transfers of value " provided to physicians (defined to include doctors, dentists, optometrists, podiatrists, and chiropractors), certain other healthcare providers (such as nurse practitioners and physicians assistants) and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members; and • analogous state and foreign laws, such as state anti- kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third- party payors, including private insurers; state and foreign laws that require pharmaceutical companies to comply with the pharmaceutical industry' s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or to adopt compliance programs as prescribed by state laws and regulations, or that otherwise restrict payments that may be made to healthcare providers; state and foreign laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; **and** state and local laws requiring the licensure of pharmaceutical sales representatives ~~; and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts. Further, the ACA, among other things, amended the intent requirement of the federal Anti- Kickback Statute and certain criminal statutes governing healthcare fraud. A person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it. In addition, the ACA provided that the government may assert that a claim including items or services resulting from a violation of the federal Anti- Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act~~ . Efforts to ensure that our future business arrangements with third parties will comply with applicable healthcare laws and regulations may involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil,

criminal, and administrative penalties, including, without limitation, damages, monetary fines, disgorgement, possible exclusion from participation in Medicare, Medicaid, and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, additional reporting or oversight obligations if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non- compliance with the law and curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and pursue our strategy. If any of the physicians or other healthcare providers or entities with whom we expect to do business, including future collaborators, are found not to be in compliance with applicable laws, they may be subject to criminal, civil, or administrative sanctions, including exclusions from participation in government healthcare programs, which could also affect our business. Changes in healthcare policies, laws, and regulations may impact our ability to obtain approval for, or commercialize epetraborole or our ~~future~~ **other** product candidates, if approved. In the United States and some foreign jurisdictions there have been, and continue to be, several legislative and regulatory changes and proposed reforms of the healthcare system in an effort to contain costs, improve quality, and expand access to care. In the United States, there have been and continue to be a number of healthcare- related legislative initiatives, as well as executive, judicial, and Congressional challenges to existing healthcare laws that have significantly affected, and could continue to significantly affect, the healthcare industry. For example, on June 17, 2021, the U. S. Supreme Court dismissed a challenge on procedural grounds that argued the ACA is unconstitutional in its entirety because the " individual mandate " was repealed by Congress. On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 ~~, or~~ **(the "** IRA ~~,~~ **")** into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the " donut hole " under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out- of- pocket cost and creating a new manufacturer discount program. In addition, there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several U. S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under government payor programs and review the relationship between pricing and manufacturer patient programs. For example, the IRA, among other things (i) directs **the U. S. Department of Health and Human Services ("** HHS **")** to negotiate the price of certain high- expenditure, single- source drugs and biologics covered under Medicare and (ii) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. These provisions ~~will~~ take effect progressively starting in fiscal year 2023 **. On August 29** , ~~although~~ **2023 HHS announced** ~~they~~ **the** ~~may~~ **list of the first ten drugs that will** be subject to **price negotiations, although the Medicare drug price negotiation program is currently subject to** legal challenges. ~~Additionally~~ **HHS has and will continue to issue and update guidance as these programs are implemented. It is currently unclear how the IRA will be implemented but is likely to have a significant impact on the pharmaceutical industry. In addition** , **in response to** the Biden administration ~~released an additional~~ **' s October 2022** executive order **,** on ~~October~~ **February** 14, ~~2022~~ **2023** , ~~directing~~ HHS ~~to~~ **released a** report ~~on how~~ **outlining three new models for testing by** the Center for Medicare and Medicaid Innovation ~~can~~ **which will** be ~~further leveraged~~ **evaluated on their ability** to ~~test new~~ **lower the cost of drugs, promote accessibility, and improve quality of care. It is unclear whether the** models ~~for lowering drug costs for Medicare and Medicaid beneficiaries~~ **will be utilized in any health reform measures in the future** . We expect that additional U. S. federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that the U. S. federal government will pay for healthcare products and services, which could result in reduced demand for epetraborole or our ~~future~~ **other** product candidates or additional pricing pressures . We are subject to privacy and..... reform government program reimbursement methodologies for products . At the state level, legislatures have become increasingly ~~aggressive~~ **active** in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access, and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Outside of the United States, particularly in the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of ~~marketing~~ **regulatory** approval for a product. To obtain coverage and reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost- effectiveness of epetraborole or our ~~future~~ **other** product candidates to other available therapies. If reimbursement of our product candidates is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be harmed. We are subject to privacy and data security laws,rules,regulations,policies,industry standards,and contractual obligations,and our failure to comply with them could harm our business.We maintain a large quantity of ~~sensitive~~ information,including confidential business information and information related to our employees and **may** ~~we expect to~~ maintain **or have responsibility for the maintenance of** personal information in connection with the conduct of our clinical trials.As such,we are subject to laws and regulations governing the privacy and security of such information.In the United States,there are numerous federal and state privacy and data security laws and regulations governing the collection,use,disclosure,and protection of personal information **that apply or could apply to our operations or the operations of our partners** ,including federal and state health information privacy laws,federal and state security breach notification laws,and federal and state consumer protection laws.The legislative and regulatory landscape for privacy and data protection continues to evolve,and there has been an increasing focus on privacy and data protection issues, **in particular in relation to health information,** which may affect our business and is expected to increase our compliance costs and exposure to liability ~~.In the United States,numerous federal and state laws and regulations could apply to our operations or the operations of our partners,including state data breach notification laws,state health information privacy laws,and federal and state consumer protection laws and regulations,including Section 5 of the Federal Trade Commission Act,that govern the collection,use,disclosure,and protection of health- related and other personal information~~ .In addition,we may obtain health

information from third parties,including research institutions from which we obtain clinical trial data,that are subject to privacy and security requirements under HIPAA,as amended by the Health Information Technology for Economic and Clinical Health Act,and the regulations promulgated thereunder.Depending on the facts and circumstances,we could be subject to significant penalties if we obtain,use or disclose individually identifiable health information in a manner that is not authorized or permitted by HIPAA.Compliance with these and any other applicable privacy and data security laws ~~and ,~~ regulations **and other requirements** we may be subject to in the future is a rigorous and time- intensive process,and we may be required to put in place additional mechanisms ensuring compliance with **such** ~~the new~~ data protection rules.If we fail to comply with any such laws ~~or ,~~ regulations **or other requirements** ,we may face significant fines and penalties that could adversely affect our business,financial condition,results of operations or **growth** prospects.Any **failure or perceived** failure by us or our third- party processors to comply with these data protection and privacy laws ~~and ,~~ regulations **and requirements** could result in significant government enforcement actions,which could include civil,criminal,and administrative penalties,orders requiring that we change our practices,claims for damages,and other liabilities,regulatory investigations and enforcement action,private litigation,significant costs ~~of~~ **(including in investigating and defending such claims,in** remediation **measures or changes to our operations)** ,and adverse publicity,any of which could negatively affect our ~~operating~~ **business,financial condition,** results **of operations** and ~~business~~ **growth prospects** .Furthermore,the laws are not consistent,and compliance in the event of a widespread data breach is costly.In addition,states are constantly adopting new laws or amending existing laws,requiring attention to frequently changing regulatory requirements.With laws,regulations,and other obligations relating to privacy and data protection imposing new and relatively burdensome obligations,and with the substantial uncertainty over the interpretation and application of these and other obligations,we may face challenges in addressing their requirements and making necessary changes to our policies and practices and may incur significant costs and expenses in an effort to do so.We are currently in the process of developing and updating our policies and procedures in accordance with requirements under applicable data privacy and protection laws and regulations.We rely on our CROs to ensure compliance with data- privacy regulations that may arise in our trials. ~~We~~ **Other than our website privacy policy,we** do not currently have any formal data privacy policies and procedures in place and have not completed formal assessments of whether we are in compliance with all applicable data privacy laws and regulations.Additionally,if third parties with which we work,such as vendors or service providers,violate applicable laws,rules or regulations or our policies,such violations may also put our or our clinical trial and employee data,including personal data,at risk,and our business,financial condition,results of operations ~~,~~ and **growth prospects may be adversely affected.We are subject to** U. S. and certain foreign export and import controls, sanctions, embargoes, anti-corruption laws, and anti- money laundering laws and regulations. Compliance with these legal standards could impair our ability to compete in domestic and international markets. We can face criminal liability and other serious consequences for violations, which can harm our business. We are subject to export control and import laws and regulations, including the U. S. Export Administration Regulations, U. S. Customs regulations, various economic and trade sanctions regulations administered by the U. S. Treasury Department' s Office of Foreign Assets Controls, the FCPA, the U. S. domestic bribery statute contained in 18 U. S. C. § 201, the U. S. Travel Act, the USA PATRIOT Act, and other state and national anti- bribery and anti- money laundering laws in the countries in which we conduct activities. Anti- corruption laws are interpreted broadly and prohibit companies and their employees, agents, contractors, and other collaborators from authorizing, promising, offering, or providing, directly or indirectly, improper payments or anything else of value to recipients in the public or private sector. We may engage third parties to sell epetraborole or our ~~future~~ **other** product candidates outside the United States, to conduct clinical trials, and / or to obtain necessary permits, licenses, patent registrations, and other regulatory approvals. We have direct or indirect interactions with officials and employees of government agencies or government- affiliated hospitals, universities, and other organizations. We can be held liable for the corrupt or other illegal activities of our employees, agents, contractors, and other collaborators, even if we do not explicitly authorize or have actual knowledge of such activities. Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract, and fraud litigation, reputational harm, and other consequences **. We are also subject to export control, import, and trade sanctions laws and regulations which may restrict or prohibit altogether the provision, sale, or supply of our product candidates to certain governments, persons, entities, countries, and territories, including those that are the target of comprehensive sanctions or an embargo. Obtaining the necessary export license or other authorization for a particular transaction may be time- consuming and may result in the delay or loss of sales opportunities. Violations of U. S. export control, import, or sanctions laws and regulations can result in significant fines or penalties and possible incarceration for responsible employees and managers** . Risks Related to Ownership of Our Common Stock Concentration of ownership of our common stock among our existing executive officers, directors, and principal stockholders may prevent new investors from influencing significant corporate decisions and matters submitted to stockholders for approval. Our executive officers, directors, and current beneficial owners of 5 % or more of our capital stock and their respective affiliates beneficially own, in the aggregate, a significant percentage of our outstanding common stock. As a result, these persons, acting together, would be able to significantly influence all matters requiring stockholder approval, including the election and removal of directors, any merger, consolidation, or sale of all or substantially all of our assets, or other significant corporate transactions. In addition, these persons, acting together, may have the ability to control the management and affairs of our company. Accordingly, this concentration of ownership may harm the market price of our common stock by: • delaying, deferring, or preventing a change in control; • entrenching our management and / or the board of directors (" Board"); • impeding a merger, consolidation, takeover, or other business combination involving us; or • discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. In addition, some of these persons or entities may have interests different than yours. For example, because many of these stockholders purchased their shares at prices substantially below the price at which shares were sold in our IPO and have held their shares for a longer

period, they may be more interested in selling our company to an acquirer than other investors, or they may want us to pursue strategies that deviate from the interests of other stockholders. A sale of a substantial number of shares of our common stock may cause the price of our common stock to decline. Sales of a substantial number of shares of our common stock in the public market could occur at any time. If our stockholders sell, or the market perceives that our stockholders intend to sell, substantial amounts of our common stock in the public market, the market price of our common stock could decline significantly. We cannot predict what effect, if any, sales of our shares in the public market or the availability of shares for sale will have on the market price of our common stock. However, future sales of substantial amounts of our common stock in the public market, including shares issued upon exercise of outstanding options, or the perception that such sales may occur, could adversely affect the market price of our common stock. We also expect that significant additional capital may be needed in the future to continue our planned operations. To raise capital, we may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. Provisions in our corporate charter documents and under Delaware law could make an acquisition of our company, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management. Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may discourage, delay or prevent a merger, acquisition, or other change in control of our company that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions also could limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our Board is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board. Among other things, these provisions: • establish a classified board of directors such that not all members of the Board are elected at one time; • allow the authorized number of our directors to be changed only by resolution of our Board; • limit the manner in which stockholders can remove directors from the Board; • establish advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our Board; • require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent; • limit who may call stockholder meetings; • authorize our Board to issue preferred stock without stockholder approval, which could be used to institute a stockholder rights plan, or so- called " poison pill, " that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our Board; and • require the approval of the holders of at least 66 2 / 3 % of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our charter or bylaws. Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law **(** ~~, or~~ the **"** DGCL **")**, which prohibits a person who owns in excess of 15 % of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired more than 15 % of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. These provisions could discourage potential acquisition proposals and could delay or prevent a change in control transaction. They could also have the effect of discouraging others from making tender offers for our common stock, including transactions that may be in your best interests. These provisions may also prevent changes in our management or limit the price that investors are willing to pay for our stock. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States will be the exclusive forums for substantially all disputes between us and our stockholders, including claims under the Securities Act, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for: • any derivative action or proceeding brought on our behalf; • any action asserting a breach of fiduciary duty; • any action asserting a claim against us or any of our directors, officers, employees, or agents arising under the DGCL, our amended and restated certificate of incorporation, or our amended and restated bylaws; • any action or proceeding to interpret, apply, enforce, or determine the validity of our amended and restated certificate of incorporation, or our amended and restated bylaws; and • any action asserting a claim against us or any of our directors, officers, employees, or agents that is governed by the internal- affairs doctrine. Furthermore, our amended and restated certificate of incorporation also provides that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. However, these provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. In addition, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. To the extent the exclusive forum provision restricts the courts in which claims arising under the Securities Act may be brought, there is uncertainty as to whether a court would enforce such a provision. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Any person purchasing or otherwise acquiring or holding any interest in shares of our capital stock is deemed to have received notice of and consented to the foregoing provisions. These choice of forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds more favorable for disputes with us or with our directors, officers, other employees or agents, or our other stockholders, which may discourage such lawsuits against us and such other persons, or may result in additional expense to a stockholder seeking to bring a claim against us. Alternatively, if a court were to find this choice of forum provision 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 adversely affect our business, ~~results of operations,~~ financial condition, **results of operations** and **growth** prospects. We will

have broad discretion in the use of our cash, and may invest or spend our cash in ways with which you do not agree and in ways that may not increase the value of your investment. Our management will have broad discretion in the application of our cash, and could spend our cash in ways that do not improve our results of operations or enhance the value of our common stock. The failure by our management to apply these funds effectively could result in financial losses that could have a negative impact on our business, cause the price of our common stock to decline, and delay the development of epetraborole and planned pipeline and expansion programs as well as commercial preparedness. We do not anticipate paying any cash dividends on our capital stock in the foreseeable future, and accordingly, stockholders must rely on capital appreciation, if any, for any return on their investment. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing operations. In addition, any future credit facility or debt securities may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. If we do not pay cash dividends, you could receive a return on your investment in our common stock only if you are able to sell your shares in the future and the market price of our common stock has increased when you sell your shares. As a result, investors seeking cash dividends should not purchase our common stock. Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited. As of December 31, ~~2022~~ **2023**, we had federal and state net operating loss ~~, or~~ **(“** NOLs ~~,~~ **”)** carryforwards of approximately $ ~~43~~ **58**. 2 million and $ ~~66~~ **122**. ~~3~~ **6** million, respectively. Under the Tax Cuts and Jobs Act of 2017, or the Tax Act, as modified by the Coronavirus Aid, Relief, and Economic Security Act **(** ~~, or~~ the **“** CARES Act **”)**, our NOLs generated in tax years beginning after December 31, 2017 may be carried forward indefinitely, but the deductibility of such federal NOLs in tax years beginning after December 31, 2020, is limited to 80 % of taxable income. ~~It~~ **There** is **variation in how** ~~uncertain if and to what extent various~~ states ~~will conform~~ **have responded and may continue to respond** to the Tax Act or the CARES Act. In addition, under Sections 382 and 383 of the U. S. Internal Revenue Code of 1986, as amended **(** ~~, or~~ the **“** Code **”)**, if a corporation undergoes an “ ownership change, ” generally defined as a greater than 50 percentage point change (by value) in its equity ownership by certain stockholders over a three- year period, the corporation’ s ability to use its pre- change NOLs and other pre- change tax attributes (such as research and development tax credits) to offset its post- change income or taxes may be limited. We may have experienced ownership changes in the past and may experience ownership changes in the future. As a result, our ability to use our pre- change NOLs and tax credits to offset post- change taxable income, if any, could be subject to limitations. Similar provisions of state tax law may also apply. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. General Risk Factors The trading price of our common stock **has been and** may **continue to** be volatile. The trading price of our common stock **has been** ~~is likely to be highly volatile and could be~~ subject to wide fluctuations in response to various factors, some of which are beyond our control, including limited trading volume. The stock market in general and the market for biopharmaceutical companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, investors may not be able to sell their shares at or above the price paid for the shares. In addition to the factors discussed in this “ Risk Factors ” section and elsewhere in this **Annual Report on** Form 10- K, these factors include: • the commencement, enrollment ~~,~~ or results of our planned and future clinical trials; • the sufficiency of our existing cash to fund our future operating expenses and capital expenditure requirements; • the results of our testing and clinical trials; • unanticipated safety, tolerability ~~,~~ or efficacy concerns; • the loss of any of our key research, development ~~,~~ or management personnel; • regulatory or legal developments in the United States and other countries; • the success of competitive products or technologies; • adverse actions taken by regulatory agencies with respect to our clinical trials or manufacturers; • changes or developments in laws or regulations applicable to epetraborole or any ~~future~~ **other** product candidates; • changes to our relationships with collaborators, manufacturers, or suppliers; • announcements concerning our competitors or the pharmaceutical industry in general; • actual or anticipated fluctuations in our operating results; • changes in financial estimates or recommendations by securities analysts; • potential acquisitions; • the results of our efforts to discover, develop, acquire, or in- license additional product candidates; • the trading volume of our common stock on The Nasdaq Global Select Market; • sales of our common stock by us, our executive officers and directors or our stockholders or the anticipation that such sales may occur in the future; • general economic, political, and market conditions and overall fluctuations in the financial markets in the United States, Japan or other countries where we conduct critical business ~~(including those relating to macroeconomic events, such as the COVID- 19 pandemic, the ongoing military conflict between Russia and Ukraine, any global economic slowdown or recession, rising inflation, and increased interest rates)~~ ; • stock market price and volume fluctuations of comparable companies and, in particular, those that operate in the biopharmaceutical industry; • banking crises or failures; and • investors’ general perception of us and our business. These and other market and industry factors may cause the market price and demand for our common stock to fluctuate substantially, regardless of our actual operating performance, which may limit or prevent investors from selling their shares of our common stock at or above the price paid for the shares and may otherwise negatively affect the liquidity of our common stock. In addition, the stock market in general, and biopharmaceutical companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Some companies that have experienced volatility in the trading price of their shares have been the subject of securities class action litigation. Any lawsuit to which we are a party, with or without merit, may result in an unfavorable judgment. We also may decide to settle lawsuits on unfavorable terms. Any such negative outcome could result in payments of substantial damages or fines, damage to our reputation or adverse changes to our business practices. Defending against litigation is costly and time- consuming and could divert our management’ s attention and our resources. Furthermore, during the course of litigation, there could be negative public announcements of the results of hearings, motions ~~,~~ or other interim proceedings or developments, which could have a negative effect on the market price of our common stock. 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. We currently have research coverage by a limited number of equity research analysts. Equity research analysts may elect not to continue to provide research coverage of our common stock, and such lack of research coverage may adversely affect the market price of our common stock. We will not have any control over the analysts or the content and opinions included in their reports. The price of our shares could decline if one or more equity research analysts downgrade our shares or issue other unfavorable commentary or research about us. If one or more equity research analysts ceases coverage of us or fails to publish reports on us regularly, demand for our shares could decrease, which in turn could cause the trading price or trading volume of our common stock to decline. We are incurring significantly increased costs as a result of operating as a company whose common stock is publicly traded in the United States, and our management is devoting substantial time to new compliance initiatives. As a public company in the United States, we are incurring significant legal, accounting, and other expenses. These expenses will likely be even more significant after we no longer qualify as an emerging growth company. The Sarbanes- Oxley Act, the Dodd- Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq Stock Market LLC, and other applicable securities rules and regulations impose various requirements on public companies in the United States, including the establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our senior management and other personnel ~~devotes~~ **devote** a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations has increased our legal and financial compliance costs and has made some activities more time- consuming and costly. We cannot predict or estimate the amount of additional costs we will incur or the timing of such costs. However, these rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Pursuant to Section 404, we will be required to furnish a report by our senior management on our internal control over financial reporting. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To prepare for eventual compliance with Section 404, we have engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, engage outside consultants, and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented, and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404. Identifying material weaknesses could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. Significant disruptions of our **or our vendors'** information technology systems or ~~data security~~ **cybersecurity** incidents could result in significant financial, legal, regulatory, business, and reputational harm to us. We are increasingly dependent on information technology systems and infrastructure, including mobile technologies, to operate our business. In the ordinary course of our business, we collect, store, process, and transmit large amounts of ~~sensitive~~ **confidential** information, including intellectual property, proprietary business information, personal information **(including health information)** , and other confidential information. It is critical that we do so in a secure manner to maintain the confidentiality, integrity, and restricted availability of such ~~sensitive~~ information. We have also outsourced elements of our operations, including elements of our information technology infrastructure **and data processing** , to third parties and, as a result, we manage a number of third- party vendors who ~~may or could~~ have access to our computer networks or our ~~confidential~~ information. In addition, many of those third parties in turn subcontract or outsource some of their responsibilities to other third parties. While all information technology operations are inherently vulnerable to inadvertent or intentional security breaches, incidents, attacks, and exposures, the accessibility and distributed nature of our information technology systems, and the ~~sensitive~~ information stored on those systems, make such systems ~~potentially~~ **(and the information stored therein)** vulnerable to **risks that threaten the confidentiality, integrity and availability of these systems and information, including** unintentional or malicious, internal, and external attacks on our technology environment. ~~Potential vulnerabilities~~ **Vulnerabilities** can be exploited ~~from~~ **by diverse threat actors and attack vectors, including through** inadvertent or intentional actions of our employees, third- party vendors, business partners, or by malicious third parties. **Cybersecurity incidents** ~~Attacks of this nature~~ are increasing in their frequency, levels of persistence, sophistication, and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives (including industrial espionage) and expertise, including organized criminal groups, " hacktivists, " nation states, and others **, and utilizing increasingly sophisticated techniques and tools – including AI – that circumvent security controls, evade detection and remove or obfuscate forensic evidence** . In addition to **access to, loss of or** the extraction of ~~sensitive~~ information, such attacks could ~~include~~ **involve** the deployment of harmful malware, ransomware, denial- of- service attacks, social engineering **/ phishing, malicious code embedded in software** , and other means to affect service reliability and threaten the confidentiality, integrity, and availability of information **technology systems or information** . In addition, the prevalent use of mobile devices increases the risk of ~~data security~~ **cybersecurity** incidents. Significant disruptions of our or our third- party vendors' or business partners' information technology systems or other similar ~~data security~~ **cybersecurity** incidents could adversely affect our business operations and result in the loss, misappropriation, and unauthorized access, use or disclosure of, or the prevention of access to, ~~sensitive~~ information, which could result in financial, legal, regulatory, business, and reputational harm to us. In addition, **any impact to the confidentiality, integrity or availability of** information technology ~~system~~ **systems** ~~disruptions~~ **and the information stored therein** , whether from attacks on our **or third- party** technology environment or from computer viruses, natural disasters, terrorism, war, ~~and~~ telecommunication and electrical failures **, or other threats** , could result in a material disruption of our development programs and our business

operations. For example, the loss of clinical trial data from ongoing, completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. We cannot ensure that our **cybersecurity and** data protection efforts and our investment in information technology, or the efforts or investments of CROs, consultants or other third parties with which we work, will prevent breakdowns or breaches in our or their systems or other cybersecurity incidents **, including those** that cause loss, destruction, unavailability, alteration, dissemination of, or damage, or unauthorized access to, **or processing of,** our data, including personal ~~data~~ **information** , assets, and other data processed or maintained on our behalf, that could have a material adverse effect upon our reputation, business, ~~operations, or~~ financial condition **, results of operations and growth prospects** . While we have implemented security measures intended to protect our information technology systems and infrastructure, there can be no assurance that such measures will successfully prevent service interruptions or **cybersecurity incidents or that our** security **measures and processes will be fully implemented, complied with or effective. Nor can we be certain that our third- party vendors or business partners have sufficient measures or processes in place to protect their information technology systems and infrastructure. We, our third- party vendors and business partners are, from time to time, subject to attacks and cybersecurity** incidents. **While we have not to our knowledge experienced an incident that has had a material impact on our operations or financial results,** ~~There~~ **there** is no way of knowing with certainty whether we have experienced any ~~data~~ **material** ~~security~~ **cybersecurity** incidents that have not been discovered. While we have no reason to believe this to be the case, attackers have become very sophisticated in the way they conceal access to systems, and many companies that have been attacked are not aware that ~~they~~ **their systems or information** have been ~~attacked~~ **compromised** . Any event that leads to unauthorized access, use, or disclosure of ~~personal~~ information, including personal information regarding our patients or employees, **or other adverse impact to the availability, integrity or confidentiality of our information technology systems, infrastructure or information,** could disrupt our business, harm our reputation, compel us to comply with applicable federal and state breach notification laws and foreign law **and contractual** equivalents, subject us to time- consuming, distracting, and expensive litigation **(including class actions)** , regulatory investigation and oversight, mandatory corrective action, require us to verify the correctness of database contents, or otherwise subject us to liability under laws, regulations, and contractual obligations, including those that protect the privacy and security of personal information. ~~This~~ **It** could **also** result in increased costs to us **, including costs to investigate, mitigate and remediate vulnerabilities and incidents** , and result in significant legal and financial exposure and reputational harm. In addition, any failure or perceived failure by us or our vendors or business partners to comply with our privacy, confidentiality, or data security- related legal or other obligations to third parties, or any further ~~security~~ **cybersecurity** incidents ~~or other inappropriate access events~~ , may result in governmental investigations, enforcement actions, regulatory fines, litigation, or public statements against us by advocacy groups or others, and could cause third parties, including clinical sites, regulators, or current and potential partners, to lose trust in us, or we could be subject to claims by third parties that we have breached our privacy- or confidentiality- related obligations. Moreover, ~~data security~~ **cybersecurity** incidents and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above. **Finally, we cannot guarantee that any costs and liabilities incurred in relation to an incident will be covered by our existing insurance policies or that applicable insurance will be available to us in the future on economically reasonable terms or at all.** Any of the foregoing could have a material adverse effect on our reputation, business, ~~operations, or~~ financial condition **, results of operations and growth prospects** . We are an " emerging growth company " and as a result of the reduced disclosure and governance requirements applicable to emerging growth companies, our common stock may be less attractive to investors. We are an " emerging growth company " as defined in the JOBS Act. For so long as we remain an emerging growth company, we are permitted by SEC rules and plan to rely on exemptions from certain disclosure requirements that are applicable to other SEC- registered public companies that are not emerging growth companies. These exemptions include not being required to comply with the auditor attestation requirements of Section 404, not being required to comply with the auditor requirements to communicate critical audit matters in the auditor' s report on the financial statements, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, the information we provide stockholders will be different than the information that is available with respect to other public companies. We have taken advantage of reduced reporting burdens in this **Annual Report on** Form 10- K. In particular, in this **Annual Report on** Form 10- K, we have provided only two comparative periods of ~~unaudited~~ -- **audited** financial statements and we have not included all of the executive compensation related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption and, therefore, we will not be subject to the same requirements to adopt new or revised accounting standards as other public companies that are not " emerging growth companies. " Recent and potential future changes to U. S. and non- U. S. tax laws could materially adversely affect our company. Existing, new, or future changes in tax laws, regulations, and treaties, or the interpretation thereof, in addition to tax policy initiatives and reforms under consideration in the United States or internationally and other initiatives could have an adverse effect on the taxation of international businesses. Furthermore, countries where we are subject to taxes, including the United States, are independently evaluating their tax policy and we may see significant changes in legislation and regulations concerning taxation. **For example** ~~On December 22~~ , ~~2017, President Trump signed into law~~ the Tax Act, ~~which~~ **the CARES Act and the recently enacted IRA made many** ~~significantly~~ -- **significant** ~~revised~~ **changes to** the ~~Code~~ **U. S. tax laws** . The ~~overall impact of the~~

Tax Act **made broad and complex changes to the Code, including, among other things, reducing the federal corporate tax rate. Additionally, beginning in 2022, the Tax Act required the capitalization of research and experimentation expenses with amortization periods over five and fifteen years pursuant to Code Section 174 (" Section 174 "), which could impact our effective tax rate and cash flow. Future guidance from the U. S. Internal Revenue Service and other tax authorities with respect to any such tax legislation may affect us, and certain aspects of the previously enacted legislation could be repealed or modified in future legislation. In addition, it** is uncertain **if** and **to what extent various states will conform to the Tax Act, the CARES Act, the IRA,** ~~our~~ **or any newly enacted federal** ~~business and financial condition could be adversely affected. The impact of this~~ tax **legislation** ~~reform on holders of our common stock is also uncertain and could be adverse~~. Other legislative changes could also affect the taxation of holders of our common stock. We are unable to predict what tax reform may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices, could affect our effective tax rates in the future in countries where we ~~have operations~~ **are subject to tax** and have an adverse effect on our overall tax rate in the future, along with increasing the complexity, burden, and cost of tax compliance. We urge our stockholders to consult with their legal and tax advisors with respect to any such legislative changes and the potential tax consequences of investing in or holding our common stock. Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement, data protection, and other losses. Our agreements with third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement or other liabilities relating to or arising from our contractual obligations. Large indemnity payments could harm our business ~~and~~ **,** financial condition **, results of operations and growth prospects** . Although we normally contractually limit our liability with respect to such obligations, we may still incur substantial liability. Any dispute with a third party with respect to such obligations could have adverse effects on our relationship with that third party and relationships with other existing or new partners, harming our business.