

Risk Factors Comparison 2024-03-26 to 2023-03-24 Form: 10-K

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

Any of the risks and uncertainties described below could significantly and negatively affect our business, prospects, financial condition, operating results, or credit ratings, which could cause the trading price of our Common Shares to decline. Additional risks and uncertainties not presently known to us, or risks that we currently consider immaterial, could also impair our business operations or financial condition. The following discussion of risk factors contains “forward- looking ” statements, as discussed above. Risks Related to our Business There is substantial doubt that ~~we the company~~ can remain a going concern over the next twelve months. **Management recognizes that in As of the filing date, we have sufficient liquidity to support the Company's operations until August 2024. In** order for ~~us the Company~~ to meet ~~our its~~ capital requirements, and continue to operate, additional financing will be necessary. ~~We plan~~ **The Company is evaluating strategies to obtain the required additional funding for future operations. These strategies may include, but are not limited to, obtaining equity financing, and restructuring of operations to decrease expenses. However, given the challenges in the U. S. and global financial markets, and the matter in Note 17 to the Financial Statements, Subsequent events, that may impact the Company's ability to raise financing additional funds in order the capital markets, the Company may be unable to fund access further equity our - or business operations when needed, if at all. We As the Company is primarily pursuing one compound that is licensed from a related party with significant licensing payments who will seek access have influence on the Company, other investors may not be willing to financing but invest in the Company. As such, there is can be no assurance that the Company such additional funds will be available able to obtain additional liquidity when needed for - or under us to finance our operations on acceptable terms, if at all. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include reflect any adjustments to the carrying amounts and classification of assets, liabilities, and reported expenses that may might result from the outcome of this uncertainty. Our ability to raise additional funds could be necessary if affected by adverse market conditions, the status of our product pipeline, possible delays in enrollment in our trial, and various other -- the factors and we Company were unable to continue as a going concern. Such adjustments may be material unable to raise capital when needed, or on terms favorable to us. See Note 2 (a)** If necessary funds are not available, we may have to delay, reduce the scope of **Financial Statements**, **Going concern** or eliminate some of our development programs, potentially delaying the time to market for any of our product candidates. We are an early- stage development company with no revenues from product sales. We are at an early stage of development. None of our potential products has obtained regulatory approval for commercial use and sale in any country and as such, no revenues have resulted from product sales. Significant additional investment will be necessary to complete the development of any of our product candidates. Preclinical and clinical trial work must be completed before our potential products could be ready for use within the markets that we have identified. We may fail to develop any products, obtain regulatory approvals, enter or complete clinical trials or commercialize any products. We do not know whether any of our potential product development efforts will prove to be effective, meet applicable regulatory standards, obtain the requisite regulatory approvals, be capable of being manufactured at a reasonable cost or be accepted in the marketplace. The product candidates we are currently developing are not expected to be commercially viable for at least the next several years and we may encounter unforeseen difficulties or delays in commercializing our product candidates. In addition, our potential products may not be effective or may cause undesirable side effects. Our product candidates require significant funding to reach regulatory approval assuming positive clinical results. We are currently conducting Phase 1 clinical trials with our product candidates tuspetinib and luxetpinib. Significant additional capital will be necessary to complete the Phase 1 clinical trials, and if required, Phase 2 or Phase 3 clinical trials. Such funding for our product candidates may be difficult, or impossible to raise in the public or private markets or through partnerships. If funding or partnerships are not readily attainable, the development of our product candidates may be significantly delayed or stopped altogether. The announcement of a delay or discontinuation of development of any of our product candidates could have a negative impact on our share price. We need to raise additional capital. We have an ongoing need to raise additional capital. **As of the filing date, we have sufficient liquidity to support the Company's operations until August 2024.** To obtain the necessary capital, we must rely on some or all of the following: additional share issues, debt issuances (including promissory notes), collaboration agreements or corporate partnerships and grants and tax credits to provide full or partial funding for our activities. Additional funding may not be available on terms that are acceptable to us or in amounts that will enable us to carry out our business plan. Our need for capital may require us to: • engage in equity financings that could result in significant dilution to existing investors; • delay or reduce the scope of or eliminate one or more of our development programs; • obtain funds through arrangements with collaborators or others that may require us to relinquish rights to technologies, product candidates or products that we would otherwise seek to develop or commercialize ourselves; • license rights to technologies, product candidates or products on terms that are less favorable to us than might otherwise be available; • considerably reduce operations; or • cease our operations. In addition, sales of our Common Shares in the public markets, or the perception that such sales could occur, could depress the market price of our Common Shares and impair our ability to raise capital through the sale of additional equity securities. Our operations could be adversely affected by events outside of our control, such as natural disasters, wars or health crises ~~such as the COVID-19 pandemic~~. We may be impacted by business interruptions resulting from pandemics and public health emergencies, including war and terrorism or natural disasters including earthquakes, typhoons, floods and fires. Any such event, or a fear of the foregoing, could adversely impact us by causing operating, manufacturing, supply chain, clinical trial and project development delays and disruptions, labor shortages, travel and shipping disruption or

shutdowns. We may incur expenses or delays relating to such events outside of our control, which could have a material adverse impact on our business, operating results and financial condition. We have a history of operating losses. We expect to incur net losses and we may never achieve or maintain profitability. We have not been profitable since our inception in 1986. We reported net losses of \$ **41-51** . **8-2** million in the fiscal year ended December 31, **2022-2023** , \$ **65-41** . **4-8** million in the fiscal year ended December 31, **2021-2022** , \$ **55-65** . **2-4** million in the fiscal year ended December 31, **2020-2021** , and as of \$ **55.2 million in the fiscal year ended** December 31, **2022-2020** , and as of **December 31, 2023** , we had an accumulated deficit of \$ **464-515** . **3-5** million . **We had negative shareholder' s equity of \$ 2. 9 million as of December 31, 2023 (December 31, 2022, positive shareholder' s equity of \$ 37. 7 million)** . We have not generated any significant revenue to date and it is possible that we will never have sufficient product sales revenue (if any) to achieve profitability. We expect to continue to incur losses for at least the next several years as we or our collaborators and licensees pursue clinical trials and, research and development efforts. To become profitable, we, either alone or with our collaborators and licensees, must successfully develop, manufacture and market our current product candidates tuspentinib or luxepitinib, as well as continue to identify, develop, manufacture and market new product candidates. It is possible that we will never have significant product sales revenue or receive royalties on our licensed product candidates. If funding is insufficient at any time in the future, we may not be able to develop or commercialize our products, take advantage of business opportunities or respond to competitive pressures. We currently do not earn any revenues from our drug candidates and are therefore considered to be in the development stage. The continuation of our research and development activities and the commercialization of the targeted therapeutic products are dependent upon our ability to successfully finance and complete our research and development programs through a combination of equity financing and payments from strategic partners. We have no current sources of significant payments from strategic partners. **As of the filing date, we have sufficient liquidity to support the Company' s operations until August 2024.** We heavily rely on the capabilities and experience of our key executives and scientists and the loss of any of them could affect our ability to develop our products. The loss of our executive officers could harm our operations and our ability to achieve strategic objectives. While we have employment agreements with our executive officers, such employment agreements do not guarantee their retention. We also depend on our scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability to us. In addition, we believe that our future success will depend in large part upon our ability to attract and retain highly skilled scientific, managerial, medical, clinical and regulatory personnel, particularly as we expand our activities and seek regulatory approvals for clinical trials. We routinely enter into consulting agreements with our scientific and clinical collaborators and advisors, key opinion leaders and academic partners in the ordinary course of our business. We also enter into contractual agreements with physicians and institutions who will recruit patients into our clinical trials on our behalf in the ordinary course of our business. Notwithstanding these arrangements, we face significant competition for these types of personnel from other companies, research and academic institutions, government entities and other organizations. We cannot predict our success in hiring or retaining the personnel we require for continued growth. The loss of the services of any of our executive officers or other key personnel could potentially harm our business, operating results or financial condition. Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have a material adverse effect on our business. We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include failures to comply with FDA / Health Canada regulations, provide accurate information to the FDA / Health Canada, comply with manufacturing standards we have established, comply with federal, state and provincial health- care fraud and abuse laws and regulations, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self- dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a substantial impact on our business and results of operations, including the imposition of substantial fines or other sanctions. We have no sales, marketing or distribution experience and would have to invest significant financial and management resources to establish these capabilities. We have no sales, marketing or distribution experience. We currently expect to rely heavily on third parties to launch and market our products, if they are approved. However, if we elect to develop internal sales, distribution and marketing capabilities, we will need to invest significant financial and management resources. For products where we decide to perform sales, marketing and distribution functions ourselves, we could face a number of additional risks, including: • we may not be able to attract and build a significant marketing or sales force; • the cost of establishing a marketing or sales force may not be justifiable in light of the revenues generated by any particular product; and • our direct sales and marketing efforts may not be successful. If we are unable to develop our own sales, marketing and distribution capabilities, we will not be able to successfully commercialize our products without reliance on third parties. We may expand our business through the acquisition of companies or businesses or by entering into collaborations or by in-licensing product candidates, each of which could disrupt our business and harm our financial condition. We may seek to expand our pipeline and capabilities by acquiring one or more companies or businesses, entering into collaborations or in-licensing one or more product candidates. For example, in June 2016, we entered into a definitive agreement with CG, granting Aptose an exclusive option to research, develop and commercialize CG- 806 in all countries of the world except **the Republic of Korea**, for all fields of use, and in November 2021 we entered into **an the Tuspentinib Licensing agreement Agreement** with Hanmi granting Aptose exclusive worldwide rights to develop and commercialize tuspentinib. Acquisitions, collaborations and in-licenses involve numerous risks, including, but not limited to: • substantial cash expenditures; • technology development risks; • potentially dilutive issuances of equity securities; • incurrence of debt and contingent liabilities, some of which may be difficult

or impossible to identify at the time of acquisition; • difficulties in assimilating the operations of the acquired companies; • potential disputes regarding contingent consideration; • diverting our management's attention away from other business concerns; • entering markets in which we have limited or no direct experience; • potential loss of our key employees or key employees of the acquired companies or businesses; and • failure of the in- licenses agents or technologies to deliver the desired activities or functions. We have experience in entering collaborations and in- licensing product candidates; however, we cannot provide assurance that any acquisition, collaboration or in- license will result in any benefit to us. We may incorrectly judge the value or worth of an acquired company or business or in- licensed product candidate. In addition, our future success could depend in part on our ability to manage the rapid growth associated with some of these acquisitions, collaborations and in- licenses. We cannot assure you that we would be able to successfully combine our business with that of acquired businesses, manage a collaboration or integrate in- licensed product candidates. Furthermore, the development or expansion of our business may require a substantial capital investment by us. Fluctuations in exchange rates can cause us to incur losses. We may be exposed to fluctuations of the U. S. dollar against certain other currencies because we hold most of our cash and cash equivalents in U. S. dollars, while we incur some of our expenses in foreign currencies, primarily the Canadian dollar. Fluctuations in the value of currencies could cause us to incur currency exchange losses, and we do not currently employ a hedging strategy against exchange rate risk. As a result, changes in the exchange rate between the Canadian dollar and the U. S. dollar could materially impact our reported results of operations and distort period to period comparisons. In particular, to the extent that foreign currency- denominated (i. e., non- U. S. dollar) monetary assets do not equal the amount of our foreign currency denominated monetary liabilities, foreign currency gains or losses could arise and materially impact our financial statements. As a result of such foreign currency fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our Common Shares could be adversely affected. Risks Related to Development, Clinical Testing and Regulatory Approval of Our Product Candidates Fast Track Designation by the FDA may not lead to a faster development or regulatory review or approval process. We have obtained Fast Track Designation for HM43239-tuspetinib for the treatment of patients with R / R AML and FLT3 mutation. We may seek Fast Track Designation for one or more of our other product candidates. If a drug is intended for the treatment of a serious or life- threatening condition and the drug demonstrates the potential to address unmet medical needs for this condition, the product sponsor may apply for FDA Fast Track Designation. The FDA has broad discretion whether or not to grant this designation, so even if we believe a particular product candidate is eligible for this designation, we cannot assure you that the FDA would decide to grant it. Even if we do receive Fast Track Designation, we may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may withdraw Fast Track Designation if it believes that the designation is no longer supported by data from our clinical development program. Clinical trials are long, expensive and uncertain processes and the FDA or Health Canada may ultimately not approve any of our product candidates. We may never develop any commercial drugs or other products that generate revenues. None of our product candidates has received regulatory approval for commercial use and sale in North America. We cannot market a pharmaceutical product in any jurisdiction until it has completed thorough preclinical testing and clinical trials in addition to that jurisdiction's extensive regulatory approval process. Approval in one country does not assure approval in another country. In general, significant research and development and clinical studies are required to demonstrate the safety and efficacy of our product candidates before we can submit any applications for regulatory approval. Clinical trials are long, expensive and uncertain processes. Clinical trials may not start or be on schedule and the FDA, Health Canada or any other regulatory body may not ultimately approve our product candidates for commercial sale in the relevant territory. The clinical trials of any of our drug candidates could be unsuccessful, which would prevent us from advancing, commercializing or partnering the drug. Even if the results of our preclinical studies or clinical trials are initially positive, it is possible that we will obtain different results in the later stages of drug development or that results seen in clinical trials will not continue with longer term treatment. Positive results in Phase 1 clinical trials may not necessarily repeat in larger Phase 2 or Phase 3 clinical trials. Our preclinical studies and clinical trials may not generate positive-negative results that will not allow us to move towards the commercial use and sale of our product candidates. Furthermore, negative preclinical or clinical trial results may cause our business, financial condition, or results of operations to be materially adversely affected. Our tuspetinib and luxetpinib product candidates are currently being evaluated in Phase 1 studies, and are expected to undergo many years of testing and regulatory examinations prior to any potential regulatory approvals. Preparing, submitting and advancing applications for regulatory approval of products is complex, expensive and time intensive and entails significant uncertainty. A commitment of substantial resources to conduct time- consuming research, preclinical studies and clinical trials is required if we are to complete development of our products. Clinical trials of our products require that we identify and enroll a large number of patients with the illness under investigation. We may not be able to enroll a sufficient number of appropriate patients to complete our clinical trials in a timely manner, particularly in smaller indications and indications where there is significant competition for patients. If we experience difficulty in enrolling a sufficient number of patients to conduct our clinical trials, we may need to delay or terminate ongoing clinical trials and will not accomplish objectives material to our success. Delays in planned patient enrollment or lower than anticipated event rates in our current clinical trials or future clinical trials also may result in increased costs, program delays, or both. In addition, unacceptable toxicities or adverse side effects may occur at any time in the course of preclinical studies or human clinical trials or, if any product candidates are successfully developed and approved for marketing, during commercial use of any approved products. The appearance of any unacceptable toxicities or adverse side effects could interrupt, limit, delay or abort the development of any of our product candidates or, if previously approved, necessitate their withdrawal from the market. Furthermore, disease resistance or other unforeseen factors may limit the effectiveness of our potential products. Our failure to develop safe and commercially viable drugs would substantially impair our ability to generate revenues and sustain our operations and would materially harm our business and

adversely affect our share price. We may choose to expend our limited resources on programs that do not yield successful product candidates as opposed to indications that may be more profitable or for which there is a greater likelihood of success. Because we have limited resources and access to capital to fund our operations, our management must make strategic decisions as to which product candidates and indications to pursue and how much of our resources to allocate to each. Our management must also evaluate the benefits of developing in - licensed or jointly owned technologies, which in some circumstances we may be contractually obligated to pursue, relative to developing other product candidates, indications or programs. Our management has broad discretion to suspend, scale down, or discontinue any or all of these development efforts, or to initiate new programs to treat other diseases. If we select and commit resources to opportunities that we are unable to successfully develop, or we forego more promising opportunities, our business, financial condition and results of operations will be adversely affected. We may not achieve our projected development goals in the time frames we announce and expect. We set goals for, and make public statements regarding, the expected timing of the accomplishment of objectives material to our success, such as the commencement and completion of clinical trials, the submission of a drug- regulatory application, and the expected costs to develop our product candidates. The actual timing and costs of these events can vary dramatically due to factors within and beyond our control, such as delays or failures in our IND submissions or clinical trials, issues related to the manufacturing of drug supply, uncertainties inherent in the regulatory approval process, market conditions and interest by partners in our product candidates, among other things. Our clinical trials may not be completed, we may not make regulatory submissions or receive regulatory approvals as planned; or we may not secure partnerships for any of our product candidates. Any failure to achieve one or more of these milestones as planned would have a material adverse effect on our business, financial condition and results of operations. Delays in clinical testing could result in delays in commercializing our product candidates and our business may be substantially harmed. We cannot predict whether any clinical trials will begin as planned, will need to be restructured or will be completed on schedule, if at all. Our product development costs will increase if we experience delays in clinical testing. Significant clinical trial delays could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before us, which would impair our ability to successfully commercialize our product candidates and may harm our financial condition, results of operations and prospects. The completion of clinical trials for our products, including the tuspentinib and luxepitinib clinical trials may be delayed for a number of reasons, including delays related, but not limited, to: • failure by regulatory authorities to grant permission to proceed with a clinical trial; • a regulatory decision to place or placing the clinical trial on hold; • patients failing to enroll or remain in our trials at the rate we expect; • suspension or termination of clinical trials by regulators for many reasons, including concerns about patient safety or failure of our contract manufacturers to comply with cGMP requirements; • any changes to our manufacturing process that may be necessary or desired; • delays or failure to obtain GMP- grade clinical supply from contract manufacturers of our products necessary to conduct clinical trials; • product candidates demonstrating a lack of safety or efficacy during clinical trials; • patients choosing an alternative treatment for the indications for which we are developing any of our product candidates or participating in competing clinical trials; • patients failing to complete clinical trials due to dissatisfaction with the treatment, side effects or other reasons; • reports of clinical testing on similar technologies and products raising safety and / or efficacy concerns; • competing clinical trials and scheduling conflicts with participating clinicians; • clinical investigators not performing our clinical trials on their anticipated schedule, dropping out of a trial, or employing methods not consistent with the clinical trial protocol, regulatory requirements or other third parties not performing data collection and analysis in a timely or accurate manner; • failure of our contract research organizations, or CROs, to satisfy their contractual duties or meet expected deadlines; • inspections of clinical trial sites by regulatory authorities or IRBs, or ethics committees or boards finding regulatory violations that require us to undertake corrective action, resulting in suspension or termination of one or more sites or the imposition of a clinical hold on the entire study; • one or more IRBs or ethics committees or boards rejecting, suspending or terminating the study at an investigational site, precluding enrollment of additional subjects, or withdrawing its approval of the trial; or • failure to reach agreement on acceptable terms with prospective clinical trial sites. Our product development costs will increase if we experience delays in testing or approval or if we need to perform more or larger clinical trials than planned. Additionally, changes in regulatory requirements and policies may occur, and we may need to amend study protocols to reflect these changes. Amendments may require us to resubmit our study protocols to regulatory authorities or IRBs or ethics committees or boards for re- examination, which may impact the cost, timing or successful completion of a trial. Delays or increased product development costs may have a material adverse effect on our business, financial condition and prospects. We rely on contract manufacturers over whom we have limited control. If we are subject to quality, cost or delivery issues with the preclinical and clinical grade materials supplied by contract manufacturers, our business operations could suffer significant harm. We rely on **contract manufacturing organizations (" CMOs ")** to manufacture our product candidates for some preclinical studies and clinical trials. We rely on CMOs for manufacturing, filling, packaging, storing and shipping of drug product in compliance with cGMP regulations applicable to our products. The FDA and other regulatory agencies ensure the quality of drug products by carefully monitoring drug manufacturers' compliance with cGMP regulations. The cGMP regulations for drugs contain minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product. We contracted with multiple CMOs for the manufacture of tuspentinib and luxepitinib to supply the active ingredient and then drug product for our clinical trials. The synthesis of luxepitinib is challenging from a scale- up synthetic chemistry perspective. We pre- qualified CMOs to have the capacity, the systems and the experience to supply tuspentinib and luxepitinib for our clinical trials. We have qualified the manufacturing facilities and the FDA has also performed site audits for our selected CMOs. **In spite** ~~Despite~~ **of** the efforts to prequalify CMOs, delays and errors may occur, and any such manufacturing failures, delays or compliance issues could cause delays in the completion of our clinical trial programs. There can be no assurances that CMOs will be able to meet our timetable and requirements. We have contracted with alternate suppliers in the event our current CMOs are unable to scale up production, or if our current CMOs otherwise

experience any other significant problems in the manufacture of tuspetinib and luxetpinib. However, it is possible that all third-party manufacturing sources may experience failure or delays and may demand commercially unreasonable terms, which may lead to further delays in the development of our product candidates. Further, contract manufacturers must operate in compliance with cGMP and failure to do so could result in, among other things, the disruption of product supplies. Our dependence upon third parties for the manufacture of our products may adversely affect our profit margins and our ability to develop and deliver products on a timely and competitive basis. Some components of our products are manufactured by third parties outside of the United States, and our business may be harmed by legal, regulatory, economic, political and public health risks associated with international trade and those markets. We have third-party manufacturing partners in South Korea, Germany and the United Kingdom; in addition, some materials used by our third-party manufacturers are supplied by companies located in other countries, including China. Our reliance on suppliers and manufacturers in foreign markets creates risks inherent in doing business in foreign jurisdictions, including: (a) the burdens of complying with a variety of foreign laws and regulations, including laws relating to the importation and taxation of goods (b) public health crises, such as pandemics and epidemics, in the countries where our suppliers and manufacturers are located; (c) transportation interruptions or increases in transportation costs; and (d) foreign intellectual property infringement risks. If we have difficulty enrolling patients in clinical trials, the completion of the trials may be delayed or canceled. As our product candidates advance from preclinical testing to clinical testing, and then through progressively larger and more complex clinical trials, we will need to enroll an increasing number of patients that meet our eligibility criteria. There is significant competition for recruiting cancer patients in clinical trials, and we may be unable to enroll the patients we need to complete clinical trials for cancer indications on a timely basis or at all. Certain factors that affect enrollment of patients in our clinical trials are impacted by external forces that may be beyond our control. Such factors include, but are not limited to, the following: • size and nature of the patient population; • eligibility and exclusion criteria for the trial; • design of the study protocol; • competition with other companies for clinical sites or patients; • the perceived risks and benefits of the product candidate under study; • the patient referral practices of physicians; and • the number, availability, location and accessibility of clinical trial sites. ~~Although, as of the date of this report, we do not foresee material delays to the enrollment of patients or timelines for our trials due to COVID-19, the extent to which COVID-19 will impact the projected development goals will depend on future developments, which are highly uncertain and cannot be predicted.~~ If we are unable to successfully develop companion diagnostics for our therapeutic product candidates, or experience significant delays in doing so, we may not achieve marketing approval or realize the full commercial potential of our therapeutic product candidates. We plan to develop companion diagnostics for our therapeutic product candidates. We expect that, at least in some cases, regulatory authorities may require the development and regulatory approval of a companion diagnostic as a condition to approving our therapeutic product candidates. We have limited experience and capabilities in developing or commercializing diagnostics and plan to rely in large part on third parties to perform these functions. We do not currently have any agreement in place with any third party to develop or commercialize companion diagnostics for any of our therapeutic product candidates. Companion diagnostics are subject to regulation by the FDA, Health Canada and comparable foreign regulatory authorities as medical devices and may require separate regulatory approval or clearance prior to commercialization. If we, or any third parties that we engage to assist us, are unable to successfully develop companion diagnostics for our therapeutic product candidates, or experience delays in doing so, our business may be substantially harmed. We rely and will continue to rely on third parties to conduct and monitor many of our preclinical studies and our clinical trials, and their failure to perform as required could cause substantial harm to our business. We rely and will continue to rely on third parties to conduct a significant portion of our preclinical and clinical development activities. Preclinical activities include in vivo studies providing access to specific disease models, pharmacology and toxicology studies, and assay development. Clinical development activities include trial design, regulatory submissions, clinical patient recruitment, clinical trial monitoring, clinical data management and analysis, safety monitoring and project management, contract manufacturing and quality assurance. If there is any dispute or disruption in our relationship with third parties, or if they are unable to provide quality services in a timely manner and at a feasible cost, our active development programs will face delays. Further, if any of these third parties fails to perform as we expect or if their work fails to meet regulatory requirements, our testing could be delayed, canceled or rendered ineffective. Negative results from clinical trials or studies of others and adverse safety events involving the targets of our products may have an adverse impact on our future commercialization efforts. From time to time, studies or clinical trials on various aspects of biopharmaceutical products are conducted by academic researchers, competitors or others. The results of these studies or trials, when published, may have a significant effect on the market for the biopharmaceutical product that is the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to our product candidates, or the therapeutic areas in which our product candidates compete, could adversely affect our share price and our ability to finance future development of our product candidates, and our business and financial results could be materially and adversely affected. The design or our execution of clinical trials may not support regulatory approval. The design or execution of a clinical trial can determine whether its results will support regulatory approval and flaws in the design or execution of a clinical trial may not become apparent until the clinical trial is well advanced. In some instances, there can be significant variability in safety or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial protocols, differences in size and type of the patient populations, adherence to the dosing regimen and other trial protocols and the rate of dropout among clinical trial participants. We do not know whether any Phase 2, Phase 3 or other clinical trials that we may conduct will demonstrate consistent or adequate efficacy and safety to obtain regulatory approval to market our product candidates. Further, the FDA, Health Canada and comparable foreign regulatory authorities will have some discretion in the approval process and in determining when or whether regulatory approval will be obtained for any of our product candidates. Our product candidates may not be approved even if they achieve their primary endpoints in future Phase 3 clinical trials or registration trials. The FDA, Health Canada or other regulatory authorities may disagree with our trial design and our interpretation of data from preclinical studies and clinical trials. In

addition, any of these regulatory authorities may change requirements for the approval of a product candidate even after reviewing and providing comments or advice on a protocol for a pivotal Phase 3 clinical trial that has the potential to result in approval by the FDA, Health Canada or another regulatory agency. In addition, any of these regulatory authorities may also approve a product candidate for fewer or more limited indications than we request or may grant approval contingent on the performance of costly post- marketing clinical trials. The FDA, Health Canada or other regulatory authorities may not approve the labeling claims that we believe would be necessary or desirable for the successful commercialization of our product candidates. As a result of intense competition and technological change in the biotechnical and pharmaceutical industries, the marketplace may not accept our products or product candidates, and we may not be able to compete successfully against other companies in our industry and achieve profitability. Many of our competitors have:

- drug products that have already been approved or are in development;
- large, well- funded research and development programs in the biotechnical and pharmaceutical fields;
- substantially greater financial, technical and management resources, stronger intellectual property positions and greater manufacturing, marketing and sales capabilities, areas in which we have limited or no experience; and / or
- significantly greater experience ~~than we do~~ in undertaking preclinical testing and clinical trials of new or improved pharmaceutical products and obtaining required regulatory approvals.

Consequently, our competitors may obtain FDA, Health Canada and other regulatory approvals for product candidates sooner and may be more successful in manufacturing and marketing their products than we or our collaborators are. Our competitors' existing and future products, therapies and technological approaches will compete directly with the products we seek to develop. Current and prospective competing products may be more effective than our existing and future products insofar as they may provide greater therapeutic benefits for a specific problem or may offer easier delivery or comparable performance at a lower cost. For tuspentinib and luxepatinib in AML, examples of companies that have developed or are pursuing different therapies include Jazz (VYXEOS), Pfizer (MYLOTARG), Novartis (RYDAPT), Astellas (XOSPATA), AbbVie (VENCLEXTA), Daiichi Sankyo (quizartinib), Arog (crenolanib), Agios / Servier (TIBSOVO), Rigel (REZLIDHA), Celgene / BMS (IDHIFA), Kronos Bio (lanraplenib), Curis (emavusertib), Syndax (revumenib, SNDX- 5613), and Kura (KO- 539), among others. For luxepatinib in B cell malignancies, examples of companies that have developed or are pursuing different approaches to BTK inhibition, both for the wild type and ~~to the~~ C481S- mutant forms, include AbbVie (IMBRUVICA), AstraZeneca (CALQUENCE), Beigene Co., Ltd. (Zanubrutinib), Merck (nemtabrutinib), and Eli Lilly (pirtobrutinib), among others. Any product candidate that we develop and that obtains regulatory approval must then compete for market acceptance and market share. Our products may not gain market acceptance among physicians, patients, healthcare payers, insurers, the medical community and other stakeholders. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

- efficacy and potential advantages compared to alternative treatments;
- the ability to offer our product candidates for sale at competitive prices;
- convenience and ease of administration compared to alternative treatments;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the strength of marketing and distribution support;
- sufficient third- party coverage or reimbursement; and
- the prevalence and severity of any side effects.

Further, any products we develop may become obsolete or face generic entry before we recover any expenses we incurred in connection with the development of these products. As a result, we may never achieve profitability.

Risks Related to our Intellectual Property

We may be unable to obtain patents to protect our technologies from other companies with competitive products, and patents of other companies could prevent us from manufacturing, developing or marketing our products. Patent protection The patent positions of pharmaceutical and biotechnology companies are uncertain and involve complex legal and factual questions. The United States Patent and Trademark Office (“USPTO”) and many other patent offices in the world have not established a consistent policy regarding the breadth of claims that they will allow in biotechnology patents. Our pending patent applications may not result in issued patents and our issued patents may not be held valid and enforceable if challenged. Competitors may be able to circumvent any such issued patents by adoption of a competitive, though non- infringing product or process.

Interpretation and evaluation of pharmaceutical or biotechnology patent claims present complex and often novel legal and factual questions. Our business could be adversely affected by increased competition in the event that any patent granted to it is held to be invalid or unenforceable or is inadequate in scope to protect our operations. Allowable patentable subject matter and the scope of patent protection obtainable may differ between jurisdictions. If a patent office allows broad claims, the number and cost of patent interference proceedings in the United States, or analogous proceedings in other jurisdictions and the risk of infringement litigation may increase. If it allows narrow claims, the risk of infringement may decrease, but the value of our rights under our patents, licenses and patent applications may also decrease. The scope of the claims in a patent application can be significantly modified during prosecution before the patent is issued. Consequently, we cannot know whether our pending applications will result in the issuance of patents or, if any patents are issued, whether they will provide us with significant proprietary protection or will be circumvented, invalidated or found to be unenforceable. Publication of discoveries in scientific or patent literature often lags behind actual discoveries. Patent applications filed in the United States generally will be published 18 months after the filing date unless the applicant certifies that the invention will not be the subject of a foreign patent application. In many other jurisdictions, such as Canada, patent applications are published 18 months from the priority date. We may not be aware of such literature. Accordingly, we cannot be certain that the named inventors of our products and processes were the first to invent that product or process or that we were the first to pursue patent coverage for our inventions. In addition, United States patent laws may change which could prevent or limit us from filing patent applications or patent claims in the United States to protect our products and technologies or limit the exclusivity periods that are available to patent holders for United States patents. For example, the Leahy- Smith America Invents Act, (the “Leahy- Smith Act”) was signed into law in 2011 and includes a number of significant changes to United States patent law. These include changes to transition from a “first- to- invent” system to a “first- to- file” system and to the way issued patents are challenged. These changes may favor larger and more established companies that have more resources to devote to patent application filing and prosecution. It is not

clear what, if any, impact the Leahy- Smith Act will ultimately have on the cost of prosecuting our patent applications in the United States, our ability to obtain patents in the United States based on our discoveries and our ability to enforce or defend our United States issued patents. Until such time, if ever, that further patents are issued to us, we will rely upon the law of trade secrets to the extent possible given the publication requirements under international patent treaty laws and / or requirements under foreign patent laws to protect our technology and our products incorporating the technology. In this regard, we have adopted certain confidentiality procedures. These include: limiting access to confidential information to certain key personnel; requiring all directors, officers, employees and consultants and others who may have access to our intellectual property to enter into confidentiality agreements which prohibit the use of or disclosure of confidential information to third parties; and implementing physical security measures designed to restrict access to such confidential information and products. Our ability to maintain the confidentiality of our technology is crucial to our ultimate possible commercial success. The procedures adopted by us to protect the confidentiality of our technology may not be effective, third parties may gain access to our trade secrets or our trade secrets or those of our collaborators may be independently discovered by others. Our collaborators, employees and consultants and other parties may not comply with the terms of their agreements with us, and we might be unable to adequately enforce our rights or obtain adequate compensation for the damages caused by unauthorized disclosure or use of our trade secrets or know how. Further, by seeking patent protection in various countries, it is inevitable that a substantial portion of our technology will become available to our competitors, through publication of such patent applications. Enforcement of intellectual property rights Protection of the rights revealed in published patent applications can be complex, costly and uncertain. Our commercial success depends in part on our ability to maintain and enforce our proprietary rights. If third parties engage in activities that infringe our proprietary rights, our management' s focus will be diverted and we may incur significant costs in asserting our rights. We may not be successful in asserting our proprietary rights, which could result in our patents being held invalid or a court holding that the third party is not infringing, either of which would harm our competitive position. Others may design around our patented technology. We may have to participate in interference proceedings declared by the USPTO, European opposition proceedings, or other analogous proceedings in other parts of the world to determine priority of invention and the validity of patent rights granted or applied for, which could result in substantial cost and delay, even if the eventual outcome is favorable to us. Our pending patent applications, even if issued, may not be held valid or enforceable. Our products and product candidates may infringe the intellectual property rights of others, or others may infringe on our intellectual property rights which could increase our costs. Our success also depends on avoiding infringement of the proprietary technologies of others. In particular, there may be certain issued patents and patent applications claiming subject matter which we or our collaborators may be required to license in order to research, develop or commercialize tuspentinib or luxepitinib. In addition, third parties may assert infringement or other intellectual property claims against us. An adverse outcome in these proceedings could subject us to significant liabilities to third -parties, require disputed rights to be licensed from third- parties or require us to cease or modify our use of the technology. If we are required to license third- party technology, a license under such patents and patent applications may not be available on acceptable terms or at all. Further, we may incur substantial costs defending ourselves in lawsuits against charges of patent infringement or other unlawful use of another' s proprietary technology. We may also need to bring claims against others who we believe are infringing our rights in order to become or remain competitive and successful. Any such claims can be time consuming and expensive to pursue. We may incur substantial cost in defending our intellectual property. While we believe that our products and technology do not infringe proprietary rights of others, third parties may assert infringement claims in the future and such claims could be successful. Even if challenges are unsuccessful, we could incur substantial costs in defending ourselves against patent infringement claims brought by others or in prosecuting suits against others. In addition, others may obtain patents that we would need to license, which may not be available to us on reasonable terms. Whether we are able to obtain a necessary license would depend on the terms offered, the degree of risk of infringement and the need for the patent. We have licensed important portions of our intellectual property from Hanmi and CG, and are subject to significant obligations under those license agreements. The **Rights rights** we hold under our license **agreement agreements** with Hanmi and CG are critical to our business. Our tuspentinib program is built around patents exclusively in- licensed from Hanmi, which permit us to research, develop and commercialize tuspentinib worldwide. Under **our the Tuspentinib Licensing agreement Agreement with Hanmi**, we are subject to significant obligations, including diligence obligations with respect to development and commercialization activities, payment obligations upon achievement of certain milestones and royalties on product sales, as well as other material obligations. Hanmi is eligible for payments upon the achievement of developmental, regulatory and commercial- based milestones, as well as tiered royalties on product sales. Our luxepitinib program is built around patents exclusively in- licensed from CG, which permit us to research, develop and commercialize luxepitinib worldwide except for the Republic of Korea. Under our agreement with CG, we are subject to significant obligations, including diligence obligations with respect to development and commercialization activities, payment obligations upon achievement of certain milestones and royalties on product sales, as well as other material obligations. CG is eligible for payments upon the achievement of developmental, regulatory and commercial- based milestones, as well as low single- digit royalties on product sales. If there is any conflict, dispute, disagreement or issue of non- performance between us and Hanmi or CG regarding our rights or obligations under the respective license agreements, including any conflict, dispute or disagreement arising from our failure to satisfy diligence or payment obligations under such agreements, Hanmi or CG may have a right to terminate the respective license. The loss of this license agreement could materially and adversely affect our ability to use intellectual property that could be critical to our drug discovery and development efforts, as well as our ability to enter into future collaboration, licensing and / or marketing agreements for one or more affected drug candidates or development programs. Our business depends, in part, on our ability to use technology that we have licensed or will in the future license from third parties, including CG, and, if these licenses were terminated or if we were unable to license additional technology we may need in the future, our business will be adversely affected. We currently hold licenses for certain technologies that are or may be

critical to our current and subsequent product candidates. These include our exclusive license to research, develop and commercialize luxetpinib worldwide except for the Republic of Korea, and our exclusive license to develop and commercialize tuspetinib worldwide. Both licenses are subject to termination in the event of a breach by us of the license, if we fail to cure the breach following notice and the passage of a cure period. We may need to acquire additional licenses in the future to technologies developed by others. Furthermore, future license agreements may require us to make substantial milestone payments. We may also be obligated to make royalty payments on the sales, if any, of products resulting from the license. The termination of a license or the inability to license future technologies on acceptable terms may adversely affect our ability to develop or sell our products.

Legal and Regulatory Risk Our ability to develop, produce and market our products is subject to extensive government regulation. Government regulation is a significant factor in the development, production and marketing of our products. Research and development, testing, manufacture, marketing and sales of pharmaceutical products or related products are subject to extensive regulatory oversight, often in multiple jurisdictions, which may cause significant additional costs and / or delays in bringing products to market, and in turn, may cause significant losses to investors. The regulations applicable to our product candidates in a given jurisdiction may change. Even if granted, regulatory approvals may include significant limitations on the uses for which products can be marketed or may be conditioned on the conduct of post-marketing surveillance studies. Failure to comply with applicable regulatory requirements can, among other things, result in delay in approving or refusal to approve a product candidate, interruptions of clinical trials or manufacturing, suspension or withdrawal of regulatory approval, warning letters, the imposition of civil penalties or other monetary payments, product recall or seizure, operating restrictions, injunctions or criminal prosecution. In addition, regulatory agencies may not approve the labeling claims that are necessary or desirable for the successful commercialization of our product candidates. Requirements for regulatory approval vary widely from country to country. ~~Whether or not approved in Canada or the United States, regulatory~~ **Regulatory** authorities in other countries must approve a product prior to the commencement of marketing the product ~~in those countries~~. The time required to obtain any such approval may be longer or shorter than in Canada or the United States. Approved drugs, as well as their manufacturers, are subject to continuing and ongoing review, and discovery of problems with these products or the failure to adhere to manufacturing or quality control requirements may result in regulatory restrictions being imposed. Current and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and may adversely affect the prices we may obtain. In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could, among other things, prevent or delay marketing approval of our product candidates, restrict or regulate post approval activities and affect our ability to profitably sell any products for which we obtain marketing approval. For example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care Education Reconciliation Act, or collectively the Affordable Care Act, was enacted to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for health care and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. Additionally, the Drug Supply Chain Security Act, enacted in 2013, imposed new obligations on manufacturers of pharmaceutical products related to product tracking and tracing. Since its enactment, there have been judicial, executive and Congressional challenges to certain aspects of the Affordable Care Act, and we expect there will be additional challenges and amendments to the Affordable Care Act in the future. On June 17, 2021, the United States Supreme Court dismissed the most recent judicial challenge to the Affordable Care Act without specifically ruling on the constitutionality of the Affordable Care Act. Prior to the Supreme Court's decision, President Biden issued an executive order initiating a special enrollment period from February 15, 2021 through August 15, 2021 for purposes of obtaining health insurance coverage through the Affordable Care Act marketplace. The executive order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the Affordable Care Act. It is possible that the Affordable Care Act will be subject to judicial or Congressional challenges in the future. It is unclear how any such challenges and the healthcare reform measures of the Biden administration will impact the Affordable Care Act and our business. We expect ongoing initiatives in the United States and internationally to increase pressure on drug pricing. Regulations that mandate price controls and limitations on patient access to products or establish prices paid by government entities or programs may impact product candidates that we may successfully develop. Pharmaceutical product pricing is subject to enhanced government and public scrutiny and calls for reform. Some U. S. states have implemented, and other U. S. states are considering, pharmaceutical price controls or patient access constraints under the Medicaid program, and some U. S. states are considering price-control regimes that would apply to broader segments of their populations that are not Medicaid eligible. Efforts by government officials or legislators to implement measures to regulate prices or payments for pharmaceutical products, including legislation on drug importation, could have an adverse effect on anticipated revenues from product candidates that we may successfully develop and for which we may obtain regulatory approval and may affect our overall financial condition and ability to develop drug candidates. Legislative and regulatory proposals have also been made to expand post approval requirements and restrict sales and promotional activities for pharmaceutical products in the US. Any healthcare reforms enacted in the future may, like the Affordable Care Act, be phased in over a number of years but, if enacted, could reduce our revenue, increase our costs, or require us to revise the ways in which we conduct business or put us at risk for loss of business. ~~We are~~ **It is not sure clear** whether additional legislative changes will be enacted, or whether the current regulations, guidance or interpretations will be changed, or what the impact of such changes on our business, if any, may be. In Canada, the Patented Medicine Prices Review Board (**the** "PMPRB") has jurisdiction to control prices of patented medicines that are considered excessive. Recent changes to the regulations governing the PMPRB are intended to lower the prices of patented medicines even further. The PMPRB's jurisdiction could extend to any of our drug products that are approved in

Canada and protected under Canadian patents, with an adverse effect on the prices that we would otherwise obtain for these drugs in the relevant market. Coverage and adequate reimbursement may not be available for our product candidates, which could make it difficult for us to sell our products profitably. Market acceptance and sales of any drug candidates that we develop will depend in part on the extent to which reimbursement for these products and related treatments will be available from third party payors, including government health administration authorities and private health insurers. Third party payors decide which drugs they will pay for and establish reimbursement levels. Third party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. However, decisions regarding the extent of coverage and amount of reimbursement to be provided for each of our drug candidates will be made on a plan-by-plan basis. One payor's determination to provide coverage for a product does not assure that other payors will also provide coverage, and adequate reimbursement, for the product. Additionally, a third-party payor's decision to provide coverage for a drug does not imply that an adequate reimbursement rate will be approved. Each plan determines whether or not it will provide coverage for a drug, what amount it will pay the manufacturer for the drug, and on what tier of its formulary the drug will be placed. The position of a drug on a formulary generally determines the copayment that a patient will need to make to obtain the drug and can strongly influence the adoption of a drug by patients and physicians. Patients who are prescribed treatments for their conditions and providers performing the prescribed services generally rely on third party payors to reimburse all or part of the associated healthcare costs. Patients are unlikely to use our products unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of our products. 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 product 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 product for which we obtain marketing approval. If coverage and adequate reimbursement is not available, or is available only to limited levels, we may not be able to successfully commercialize any drug candidates that we develop. Additionally, there have been a number of legislative and regulatory proposals to change the healthcare system in the United States and in some foreign jurisdictions, including Canada, that could affect our ability to sell any future drugs profitably. These legislative and regulatory changes may negatively impact the reimbursement for any future drugs, following approval. We are subject to U. S. and Canadian healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, fines, disgorgement, exclusion from participation in government healthcare programs, curtailment or restricting of our operations and diminished profits and future earnings. Healthcare providers, physicians and others will play a primary role in the recommendation and prescription of any products for which we obtain marketing approval. Our future arrangements with healthcare providers, patients and third-party payors could expose us to broadly applicable U. S. and Canadian laws and regulations relating to fraud abuse and healthcare more generally that may constrain the business or financial arrangements and collaborative partners through which we market, sell and distribute any products for which we obtain marketing approval. Efforts to ensure that our collaborations with third parties, and our business generally, will comply with applicable U. S. and Canadian healthcare laws and regulations will 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 and regulations. If our operations are found to be in violation of any of these laws or any other governmental laws and regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, imprisonment, exclusion of products from government funded healthcare programs, contractual damages, reputational harm, disgorgement, curtailment or restricting of our operations, any of which could substantially disrupt our operations and diminish our profits and future earnings. If any of the physicians or other providers or entities with whom we expect to do business ~~is~~ **are** found not to be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs. The risk of ~~our~~ **our the Company** being found in violation of these laws is increased by the fact that many of them have not been fully interpreted ~~by the~~ regulatory authorities or ~~the~~ courts, and their provisions are open to a variety of interpretations. If product liability, clinical trial liability or environmental liability claims are brought against us or we are unable to obtain or maintain product liability, clinical trial or environmental liability insurance, we may incur substantial liabilities that could reduce our financial resources. The clinical testing and commercial use of pharmaceutical products involves significant exposure to product liability, clinical trial liability, environmental liability and other risks that are inherent in the testing, manufacturing and marketing of our products. These liabilities, if realized, could have a material adverse effect on our business, results of operations and financial condition. We have obtained limited product liability insurance coverage for our clinical trials on humans; however, our insurance coverage may be insufficient to protect us against all product liability damages. Regardless of merit or eventual outcome, liability claims may result in decreased demand for a future product, injury to reputation, withdrawal of clinical trial volunteers, loss of revenue, costs of litigation, distraction of management and substantial monetary awards to plaintiffs. Additionally, if we are required to pay a product liability claim, we may not have sufficient financial resources to complete development or commercialization of any of our product candidates and our business and results of operations will be adversely affected. In general, insurance will not protect us against some of our own actions, such as negligence. As our development activities progress towards the commercialization of product candidates, our liability coverage may not be adequate, and we may not be able to obtain adequate product liability insurance coverage at a reasonable cost, if at all. Even if we obtain product liability insurance, our financial position may be materially adversely affected by a product liability claim. A product liability claim could also significantly harm our reputation and delay market acceptance of our product candidates. Additionally, product recalls may be issued at the direction of the FDA, other government agencies or other companies having regulatory control for pharmaceutical sales. If a product recall occurs in the future, such a recall could adversely affect our business, financial condition or reputation. If we fail

to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business. We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and radioactive and biological materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological, hazardous or radioactive materials. In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions. We may be unable to obtain partnerships for our product candidates, which could curtail future development and negatively affect our share price. In addition, our partners might not satisfy their contractual responsibilities or devote sufficient resources to our partnership. Our strategy for the research, development and commercialization of our products requires entering into various arrangements with corporate collaborators, licensors, licensees and others, and our commercial success is dependent upon these outside parties performing their respective contractual responsibilities. The amount and timing of resources that such third parties will devote to these activities may not be within our control. These third parties may not perform their obligations as expected and our collaborators may not devote adequate resources to our programs. In addition, we could become involved in disputes with our collaborators, which could result in a delay or termination of the related development programs or result in litigation. We intend to seek additional collaborative arrangements to develop and commercialize some of our products. We may not be able to negotiate collaborative arrangements on favorable terms, or at all, in the future, and our current or future collaborative arrangements may not be successful. If we cannot negotiate collaboration, license or partnering agreements, we may never achieve profitability and we may not be able to continue to develop our product candidates. Continuing Phase 1, and commencing Phase 2 and Phase 3 clinical trials for tuspentinib and luxetinib would require significant amounts of funding and such funding may not be available to us.

Risks Related to Our Common Shares Our share price has been and is likely to continue to be volatile and an investment in our Common Shares could suffer a decline in value. You should consider an investment in our Common Shares as risky and invest only if you can withstand a significant loss and wide fluctuations in the market value of your investment. The market price of our Common Shares has been highly volatile and is likely to continue to be volatile. This leads to a heightened risk of securities litigation pertaining to such volatility. Factors affecting our Common Share price include but are not limited to: • the progress of our pre-clinical and clinical trials; • our ability to obtain partners and collaborators to assist with the future development of our products; • general market conditions; • announcements of technological innovations or new product candidates by us, our collaborators or our competitors; • published reports by securities analysts; • developments in patent or other intellectual property rights; • the cash and investments held by us and our ability to secure future financing; • our ability to raise additional capital; • public concern as to the safety and efficacy of drugs that we and our competitors develop; • shareholder interest in our Common Shares; • low liquidity in the daily trading volume of our Common Shares; and • our ability to continue as a going concern. Future sales of our Common Shares by us or by our existing shareholders could cause our share price to fall. The issuance of Common Shares by ~~us~~ **the Company** could result in significant dilution in the equity interest of existing shareholders and adversely affect the market price of our Common Shares. Sales by existing shareholders of a large number of our Common Shares in the public market and the issuance of Common Shares in connection with strategic alliances, or the perception that such additional sales could occur, could cause the market price of our Common Shares to decline and have an undesirable impact on our ability to raise capital. We are susceptible to stress in the global economy and therefore, our business may be affected by the current and future global financial conditions. If the increased level of volatility and market turmoil that have marked recent years continue, our operations, business, financial condition and the trading price of our Common Shares could be materially adversely affected. Furthermore, general economic conditions may have a great impact on us, including our ability to raise capital, our commercialization opportunities and our ability to establish and maintain arrangements with others for research, manufacturing, product development and sales. Failure to meet **the TSX's and the** Nasdaq's continued listing requirements could result in the delisting of our Common Shares, negatively impact the price of our Common Shares and negatively impact our ability to raise additional capital. If we fail to satisfy the continued listing requirements of the Nasdaq Capital Market, such as the corporate governance requirements or the minimum closing bid price requirement, the exchange may take steps to delist our Common Shares. **A** Such a delisting would likely have a negative effect on the price of our Common Shares and would impair your ability to sell or purchase our Common Shares when you wish to do so. In the event of a delisting notification, we anticipate that we would take actions to restore our compliance with applicable exchange requirements, such as stabilize our market price, improve the liquidity of our Common Shares, prevent our Common Shares from dropping below such exchange's minimum bid price requirement, or prevent future non-compliance with such exchange's listing requirements. On ~~July 18~~ **February 29, 2022-2024**, we **the Company** received a **deficiency** letter (**the "2024 Deficiency Letter"**) from the **Nasdaq Listing Qualifications Department of The** Nasdaq Stock Market -LLC ("Nasdaq") ~~indicating notifying the Company that, for the last 30 consecutive business days, Company's~~ **January 2024 private placement (the bid price for our "Private Placement") of securities to Hanmi violated rule 5635** **(d) because the Company did not obtain shareholder approval prior to such issuance. Nasdaq stated that the Private**

Placement involved the issuance of greater than 20 % of the issued and outstanding Common Shares of had closed below the Company at a discount to the Nasdaq official closing price minimum \$ 1.00 per share required for continued inclusion on January 25, 2024, the Nasdaq Capital Market under date of the subscription agreement between the Company and Hanmi. The 2024 Deficiency Letter has no immediate effect on the listing of the Company's Common Shares. In accordance with the Nasdaq Listing Rules, the notice had no effect on the listing of Company has been given forty- five (45) calendar days, our or Common Shares until April 14, 2024, to submit a plan to regain compliance. Under If Nasdaq accepts the Company's plan to regain compliance, Nasdaq can grant an extension of up to 180 calendar days from the date of the Deficiency Letter to evidence compliance. Although the Company believes that the Private Placement was completed in accordance with the Nasdaq Listing Rule Rules 5810(c)(3)(A), if during the Company respects Nasdaq's query and intends to work with Nasdaq to resolve Nasdaq's concerns and will consider available options to 180 calendar day period following the date of the notice the closing bid price of our Common Shares is at or above \$ 1.00 for a minimum of 10 consecutive business days, we would regain compliance. However with the minimum bid price requirement and our Common Shares would continue to be eligible for listing on the Nasdaq Capital Market, absent noncompliance with any other there requirement for continued listing. On January 18, 2023, we qualified for a 180- day extension to July 18, 2023. If we are unable to meet the minimum closing bid price requirement under Nasdaq Listing Rule 5810(c)(3)(A) by then, Nasdaq will provide notice that our securities will be subject to delisting. We intend to monitor the closing bid price of our Common Shares and consider our available options if the closing bid price of our Common Shares remains below \$ 1.00 per share, including effecting a reverse stock split. There can be no assurance that we the Company will be able to regain compliance with the minimum bid applicable Nasdaq Listing Rules. Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses. Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Dodd- Frank Wall Street Reform and Consumer Protection Act, new SEC regulations and Nasdaq rules, are creating uncertainty for companies such as ours. These laws, regulations and standards are subject to varying interpretations in some 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, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We are committed to maintaining high standards of corporate governance and public disclosure. As a result, our efforts to comply with evolving laws, regulations and standards have resulted in, and are likely to continue to result in, increased general and administrative expenses and management time related to compliance activities. If we fail to comply with these laws, regulations and standards, our reputation may be harmed and we might be subject to sanctions or investigation by regulatory authorities, such as the SEC. Any such action could adversely affect our financial results and the market price of requirement during the additional 180- day compliance period with respect to the minimum bid price requirement, or our common stock maintain compliance with the other listing requirements. Certain Canadian laws could delay or deter a change of control. Limitations on the ability to acquire and hold our Common Shares may be imposed by the Competition Act in Canada. This legislation permits the Commissioner of Competition of Canada to review any acquisition of a significant interest in us the Company. This legislation grants the Commissioner jurisdiction to challenge such an acquisition before the Canadian Competition Tribunal if the Commissioner believes that it would, or would be likely to, result in a substantial lessening or prevention of competition in any market in Canada. The Investment Canada Act subjects an acquisition of control of a company by a non- Canadian to government review if the value of our assets, as calculated pursuant to the legislation, exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant minister is satisfied that the investment is likely to result in a net benefit to Canada. Any of the foregoing could prevent or delay a change of control and may deprive or limit strategic opportunities for our shareholders to sell their shares. The exercise of all or any number of outstanding stock options, the award of any additional options, restricted stock units or other stock- based awards or any issuance of shares to raise funds or acquire a business may dilute your Common Shares. We have in the past and may in the future grant to some or all of our directors, officers and employees options to purchase our Common Shares and other stock- based awards as non- cash incentives to those persons. The issuance of any equity securities could, and the issuance of any additional shares will, cause our existing shareholders to experience dilution of their ownership interests. Any additional issuance of shares or a decision to acquire other businesses through the sale of equity securities may dilute our investors' interests, and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. Such issuance may reduce cause a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the price of our Common Shares or a change in control. We do not expect to pay dividends for the foreseeable future. We have not paid any cash dividends to date and we do not intend to declare dividends for the foreseeable future, as we anticipate that we will reinvest future earnings, if any, in the development and growth of our business. Therefore, investors will not receive any funds unless they sell their Common Shares, and shareholders may be unable to sell their shares on favorable terms or at all. We cannot assure you of a positive return on investment or that you will not lose the entire amount of your investment in our Common Shares. Prospective investors seeking or needing dividend income or liquidity should not purchase our Common Shares. General Risks It may be difficult for non- Canadian investors to obtain and enforce judgments against us because of our Canadian incorporation and presence. We are a corporation existing under the laws of Canada. Some of our directors and some of the experts named or unnamed in this Annual Report on Form 10- K, are residents of Canada, and all or a substantial portion of their assets, and a substantial portion of our assets, are located outside the United States. Consequently, although we have appointed an agent for service of process in the United States, it may be difficult for holders of our shares who reside in the United States to effect service within the United States upon our directors and officers and experts who are not residents of the United States. It may also be difficult for holders of our shares who reside in the United States to realize in the United States upon judgments of courts of the United States predicated

upon our civil liability and the civil liability of our directors, officers and experts under the United States federal securities laws. Investors should not assume that Canadian courts (i) would enforce judgments of United States courts obtained in actions against us or our directors, officers or experts predicated upon the civil liability provisions of the United States federal securities laws or the securities or “blue sky” laws of any state within the United States or (ii) would enforce, in original actions, liabilities against us or our directors, officers or experts predicated upon the United States federal securities laws or any such state securities or “blue sky” laws. In addition, we have been advised by our Canadian counsel that in normal circumstances, only civil judgments and not other rights arising from United States securities legislation are enforceable in Canada and that the protections afforded by Canadian securities laws may not be available to investors in the United States. We are likely a “passive foreign investment company” which may have adverse United States federal income tax consequences for United States shareholders. United States investors in our Common Shares should be aware that we believe we are classified as a passive foreign investment company (“PFIC”) during the tax year ended December 31, ~~2021~~ 2022, and based on the nature of our business, the projected composition of our gross income and the projected composition and estimated fair market value of our assets, we expect to be a PFIC for the year ~~ending ended~~ December 31, 2022-2023, and may be a PFIC in subsequent tax years. If the Company is a PFIC for any year during a United States shareholder’s holding period, then such United States shareholder generally will be required to treat any gain realized upon a disposition of Common Shares, or any so-called “excess distribution” received on its Common Shares, as ordinary income, and to pay an interest charge on a portion of such gain or distributions, unless the shareholder makes a timely and effective “qualified electing fund” election (“QEF election”) or a “mark-to-market” election with respect to the Common Shares. A United States shareholder who makes a QEF election generally must report on a current basis its share of the Company’s net capital gain and ordinary earnings for any year in which the Company is a PFIC, whether or not the Company distributes any amounts to its shareholders. However, United States shareholders should be aware that we do not intend to satisfy record keeping requirements that apply to a qualified electing fund, and we do not intend to supply United States shareholders with information that such United States shareholders require to report under the QEF election rules, in the event that we are a PFIC and a United States shareholder wishes to make a QEF election. Thus, United States shareholders should assume that they will not be able to make a QEF election with respect to their Common Shares. A United States shareholder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the Common Shares over the taxpayer’s basis therein. Each United States shareholder should consult its own tax advisor regarding the United States federal, United States local, and foreign tax consequences of the PFIC rules and the acquisition, ownership, and disposition of our Common Shares. Any failure to maintain an effective system of internal controls may result in material misstatements of our consolidated financial statements or cause us to fail to meet our reporting obligations or fail to prevent fraud; and in that case, our shareholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our Common Shares. Section 404 (a) of the Sarbanes-Oxley Act of 2002 requires that our management assess and report annually on the effectiveness of our internal control over financial reporting and identify any material weaknesses in our internal control over financial reporting. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we fail to maintain an effective system of internal controls, we might not be able to report our financial results accurately or prevent fraud; and in that case, our shareholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our Common Shares. While we believe that we have sufficient personnel and review procedures to allow us to maintain an effective system of internal controls, we cannot assure you that we will not experience potential material weaknesses in our internal control. Even if we conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with US GAAP, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our future reporting obligations. If we fail to timely achieve and maintain the adequacy of our internal control over financial reporting, we may not be able to produce reliable financial reports or help prevent fraud. Our failure to achieve and maintain effective internal control over financial reporting could prevent us from complying with our reporting obligations on a timely basis, which could result in the loss of investor confidence in the reliability of our consolidated financial statements, harm our business and negatively impact the trading price of our Common Shares. Data security incidents and privacy breaches could result in important remediation costs, increased cyber security costs, litigation and reputational harm. Cyber security incidents can result from deliberate attacks or unintentional events. Cyber-attacks and security breaches could include unauthorized attempts to access, disable, improperly modify or degrade the Company’s information, systems and networks, the introduction of computer viruses and other malicious codes and fraudulent “phishing” emails that seek to misappropriate data and information or install malware onto users’ computers. Cyber-attacks in particular vary in technique and sources, are persistent, frequently change and are increasingly more targeted and difficult to detect and prevent against. Our network security and data recovery measures and those of third parties with which we contract, may not be adequate to protect against cyber-attacks. Disruptions due to cyber security incidents could adversely affect our business. In particular, a cyber security incident could result in the loss or corruption of data from our research and development activities, including clinical trials, which may cause significant delays to some or all of our clinical programs. Also, our trade secrets, including unpatented know how, technology and other proprietary information could be disclosed to competitors further to a breach, which would harm our business and competitive position. We expect that risks and exposures related to cyber security attacks will remain high for the foreseeable future due to the rapidly evolving nature and sophistication of these threats. While we have invested in the protection of data and information technology, there can be no assurance that our efforts to implement adequate security measures would be sufficient to protect us against cyber-attacks. We must successfully upgrade and maintain our information technology systems. We rely on various information technology

systems to manage our operations. There are inherent costs and risks associated with maintaining, modifying and / or changing these systems and implementing new systems, including potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel to implement and operate its systems, demands on management time and other risks and costs of delays or difficulties in transitioning to new systems or of integrating new systems into our current systems. In addition, our information technology system implementations may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. The implementation of new information technology systems may also cause disruptions in our business operations and have an adverse effect on our business, prospects, financial condition and operating results.