Risk Factors Comparison 2024-03-01 to 2023-03-01 Form: 10-K

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The risks described below and elsewhere in this Annual Report on Form 10- K and in our other public filings with the SEC are not the only risks facing **us** ~~the Company~~ . Additional risks and uncertainties not currently known to us or that we currently deem to be ~~not material~~ **immaterial** also may materially adversely affect our business, financial condition and / or operating results. Summary of Principal Risks Associated with Theravance Biopharma' s Business ● We may never achieve or sustain profitability from our operations ~~over the long term~~ ; ● If YUPELRI **' s acceptance by physicians, patients, third party payors, or the medical community in general** does not continue to **grow** ~~be accepted by physicians, patients, third- party payors, or the medical community in general~~ , we may not receive significant additional revenues from sales of this product; ● ~~We face~~ **In collaboration with Viatris, we are responsible for marketing and sales of YUPELRI in the US, which subjects us to certain** risks ~~related to health epidemics, including the recent COVID- 19 pandemic, which could have a material adverse effect on our business and results of operations~~ ; ● Any delay in commencing or completing clinical studies for product candidates **or product** and any adverse results from clinical or non- clinical studies or regulatory obstacles product candidates **or product** may face, would harm our business and the price of our securities could fall; ● If our product candidates are not approved by regulatory authorities, including the FDA, we will be unable to commercialize them; ● If our partners do not satisfy their obligations under our agreements with them, or if they terminate our partnerships with them, we may not be able to develop or commercialize our partnered product candidates as planned; ● Our ongoing drug development efforts might not generate additional ~~successful product candidates or~~ approvable drugs; ● ~~Our capital return program~~ **We face substantial competition from companies with more resources** and **experience than we have, which may result in others discovering, developing, receiving approval for** ~~our~~ **or** ~~restructuring activities may not provide the benefits~~ **commercializing products before or more successfully than** we ~~anticipate~~ **do** ; ● We ~~do not control~~ **are subject to extensive and ongoing regulation, oversight and** ~~the~~ **other requirements by the FDA and failure to comply with these regulations and requirements may subject us to penalties that may adversely affect our financial condition or our ability to** ~~commercialization~~ **commercialize** ~~of TRELEGY~~ **any approved products** ; ~~accordingly our receipt of milestone payments and receipt of the value we currently anticipate from the outer years royalty will depend on, among other factors, GSK' s ability to further commercialize TRELEGY;~~ and ● **We and / or** ~~If there are any adverse developments or~~ **our** ~~perceived adverse developments~~ **collaboration partners and those commercializing products** with respect to **which** ~~TRELEGY,~~ we ~~may not~~ **have an economic interest or right to** receive **royalties may face competition** ~~milestone payments or the revenue we expect~~ from ~~the outer years royalty,~~ **companies seeking to market generic versions of any approved products in** which **we have** ~~would harm our business and~~ **an interest, such as YUPELRI** ~~could cause the price of our securities to fall~~ . RISKS RELATING TO THE COMPANY We may never achieve or sustain profitability **from our operations** . First as part of Innoviva, Inc., and since June 2, 2014 as Theravance Biopharma, we have been engaged in discovery and development of compounds and product candidates since ~~mid-~~ 1997. We ~~are currently approaching non- GAAP profitability; however, we~~ may never generate sufficient cash or revenue to achieve sustainable cash flow or profitability from our operations. **For the** ~~Although we recognized $ 872. 1 million of net income for~~ year ended December 31, ~~2022~~ **2023** , **we recognized a** ~~which results were largely driven by~~ net **loss of** ~~income from discontinued operations following the one- time TRELEGY Royalty Transaction, we recognized~~ $ ~~92~~ **55** . ~~8~~ **2** million ~~in net losses from continuing operations during the same period. Despite the fact that we are approaching non- GAAP profitability, we may continue to incur net losses over the next several years due to expenditures relating to our continuing drug discovery efforts and preclinical and clinical development of our current product candidates. Additionally, during the years ended December 31, 2021 and 2020, we recognized net losses of $ 199. 4 million and $ 278. 0 million, respectively, which are reflected in the shareholders' equity (deficit) on our consolidated balance sheets~~ . We reflect the cumulative net loss incurred after June 2, 2014, the effective date of our spin- off from Innoviva, Inc. (the " Spin- Off "), as accumulated deficit on our consolidated balance sheets, which was $ ~~853~~ **909** . ~~9~~ **1** million as of December 31, ~~2022~~ **2023** . ~~To~~ **We may continue to incur net losses over** the ~~extent we advance~~ **next several years due to expenditures relating to the development of** our **current** product ~~candidates~~ **candidate, which we are advancing** into and **throughlater** ~~through later~~ stage clinical studies without a partner ~~,~~ **and which** we may ~~incur substantial expenses~~ **prepare to commercialize** . In addition, we may invest strategically in ~~our research~~ efforts to continue to ~~grow~~ **support** our development **and commercial** pipeline. While our YUPELRI operations have been profitable on a brand basis since the third quarter of 2020, we will continue to incur costs and expenses associated with the commercialization of YUPELRI in the ~~United States (" US ")~~ , including the maintenance of an independent sales and marketing organization with appropriate technical expertise, a medical affairs presence and consultant support, and post- marketing studies. Our commitment of resources to the continued development of ampreloxetine and YUPELRI will require ongoing funding **, and we expect our sales and marketing expenditures to increase in 2024 as we prepare for the potential commercial launch of ampreloxetine** . Our operating expenses also will increase if, among other things: ● ~~our~~ **any** earlier stage potential products move into and through later- stage clinical development, which is generally more expensive than early stage development; ● we pursue clinical development of our potential or current products in new indications; ● our clinical trials become more complicated or need to be extended due to ~~the COVID- 19 pandemic or~~ other external factors; ● we increase the number of patents we are prosecuting or maintaining or otherwise expend additional resources on patent prosecution or defense or patent litigation; or ● we acquire or in- license additional technologies, product candidates, products or businesses. While we are generating revenues and income from sales of YUPELRI, our economic and royalty interests, and payments under collaboration agreements, we may not generate

significant profit **from our operations** in the near future. We could fail to meet our revenue expectations. If we or our collaborators or licensees are not able to successfully develop additional products, obtain required regulatory approvals, manufacture products at an acceptable cost or with appropriate quality, or successfully market and sell such products **, and do so** with desired margins, our expenses will continue to exceed any revenues we may receive in the future. Our ~~new~~ strategic business plan is subject to significant uncertainties and risks as a result of, among other factors, the ~~COVID- 19 pandemic, the~~ sales levels of our approved ~~products~~ **product** , unplanned expenses **, clinical program outcomes, expenses being higher than anticipated** , cash receipts being lower than anticipated, ~~clinical program outcomes, expenses being higher than anticipated,~~ whether, when and on what terms we are able to enter into new collaboration arrangements, and the need to satisfy contingent liabilities. Our ability to reach, and the time required to reach, and then to sustain, profitability ~~are~~ **from operations is** uncertain. As a result, we may incur substantial losses in the future. Failure to become and remain profitable **from operations** would adversely affect the price of our securities and our ability to continue operations as planned. If YUPELRI' s acceptance by physicians, patients, third- party payors, or the medical community in general does not continue to grow, we may not receive significant additional revenues from sales of this product. The commercial success of YUPELRI depends upon its acceptance by physicians, patients, third- party payors and the medical community in general. YUPELRI' s acceptance by these parties may not continue to grow as we have planned. YUPELRI competes ~~predominantly~~ **predominately** ~~nebulized LAMA Lonhala ® Magnair ® (glycopyrrolate) dosed two times per day and~~ with short acting nebulized bronchodilators that are dosed three to four times per day. **If** ~~We have seen increased volatility in sales of YUPELRI coinciding with the suspension of in- person sales calls, having less access to physicians and other healthcare providers and the progression of the COVID- 19 pandemic and, if~~ physicians, patients, third- party payors, or the medical community in general believe that ~~nebulized therapy presents a risk of further spreading COVID- 19 or that~~ YUPELRI is ~~otherwise~~ not a preferred treatment option for those with COPD, we may see declines, or fail to grow. If YUPELRI' s acceptance does not continue to grow, or declines from previous levels, our business and financial results could be materially harmed. ~~22In~~ **In** collaboration with Viatris, we are responsible for marketing and sales of YUPELRI in the US, which subjects us to certain risks. We currently maintain a sales force in the US to support our co- promotion obligations for YUPELRI under our agreement with Viatris. The risks of fulfilling our US co- promotion obligations to Viatris include: ● costs and expenses associated with maintaining an independent sales and marketing organization with appropriate technical expertise and supporting infrastructure, including third- party vendor logistics and ~~consultant~~ **21consultant** support, which costs and expenses could, depending on the scope and method of the marketing effort, exceed any product revenue; ● our ability to retain effective sales and marketing personnel and medical science liaisons in the US; ● the ability of our sales and marketing personnel to obtain access to, and educate adequate numbers of prescribers about prescribing YUPELRI, in appropriate clinical situations; and ● the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines. If we are not successful in maintaining a sales and marketing organization with appropriate experience, technical expertise, supporting infrastructure and the ability to obtain access to and educate adequate numbers of physicians about prescribing YUPELRI in appropriate clinical situations, we will have difficulty maintaining effective commercialization of YUPELRI in the hospital setting, which would adversely affect our business and financial results, and the condition and the price of our securities could fall. Any delay in commencing or completing clinical studies for product candidates or product and any adverse results from clinical or non- clinical studies or regulatory obstacles product candidates or product may face, would harm our business and the price of our securities could fall. ~~Each of our product~~ **Product** candidates must undergo extensive non- clinical and clinical studies as a condition to regulatory approval. Clinical studies are expensive, take many years to complete and study results may lead to delays in further studies, new requirements for conducting future studies or decisions to terminate programs. ~~In addition, we have voluntarily undertaken post- marketing studies with respect to YUPELRI.~~ The ~~commencement and~~ completion of clinical studies for our product ~~candidates~~ **candidate** ~~, including ampreloxetine, and product~~ may be delayed and programs may be terminated due to many factors, including, but not limited to: ● lack of ~~effectiveness~~ **efficacy** of product ~~candidates~~ **candidate** during clinical studies; ● adverse events, safety issues or side effects (or perceived adverse developments or results) relating to the product ~~candidates~~ **candidate** or ~~their~~ **its** formulation into medicines; ● unfavorable study data or unfavorable interpretations of data among the FDA and foreign regulatory authorities; ● insufficient capital to continue our development ~~programs~~ **program** ; ● inability to enter into partnering arrangements relating to the development and commercialization of our ~~programs~~ **program** and product ~~candidates~~ **candidate** or partner decisions not to maintain a partnership with us; ● delays in patient enrollment and variability in the number and types of patients available for clinical studies; ● **competitive** ~~the need to sequence~~ clinical **trials** ~~studies as opposed to conducting them concomitantly in order to conserve resources~~ ; ~~23~~ ● our inability or the inability of our collaborators or licensees to manufacture or obtain from third parties materials sufficient for use in non- clinical and clinical studies; ● governmental or regulatory delays or suspensions of the conduct of the clinical trials and changes in regulatory requirements, policy and guidelines; ● challenges related to the COVID- 19 pandemic, including with recruitment and / or progressing patients through studies; ● failure of ~~our~~ **any** partners to advance ~~our~~ product candidates through clinical development; **22** ● difficulty in maintaining contact with patients after treatment, resulting in incomplete data; ● varying regulatory requirements or interpretations of data among the FDA and foreign regulatory authorities; **● new clinical trial regulations in the European Union;** and ● a disturbance where we or our collaborative partners are enrolling patients in clinical trials, such as a pandemic, terrorist activities or war, political unrest or a natural disaster. Any adverse developments or results or perceived adverse developments or results with respect to our clinical ~~programs~~ **program** including, without limitation, any delays in development in our ~~programs~~ **program** , any halting of development in our ~~programs~~ **program** , any difficulties or delays encountered with regard to the FDA or other third country regulatory authorities with respect to our ~~programs~~ **program** , or any indication from clinical or non- clinical studies that the compounds in our ~~programs~~ **program** are not safe, efficacious or sufficiently differentiated from those of our competitors, could have a material adverse effect on our

business and cause the price of our securities to fall. For example, in August 2021 we announced that our Phase 2b study of izencitinib in ulcerative colitis did not meet its primary endpoint **,** and in September 2021 **,** we announced that our four- week SEQUOIA Phase 3 study for ampreloxetine did not meet its primary endpoint. There can be no assurance that our Phase 3 study for ampreloxetine will be completed on the timeline we expect or at all **, that the CYPRESS study will meet its endpoints, or that ampreloxetine will ultimately be found to be safe and effective** . If our product candidates are not approved by regulatory authorities, including the FDA, we will be unable to commercialize them. The FDA must approve any new medicine before it can be marketed and sold in the US. We will not obtain this approval for a product candidate, such as ampreloxetine, unless and until the FDA approves an NDA. We, or our collaborative partners, must provide the FDA and similar foreign regulatory authorities with data from preclinical and clinical studies that demonstrate that our product candidates comply with the regulatory requirements for the quality of medicinal products and are safe and effective for a defined indication before they can be approved for commercial distribution. FDA or foreign regulatory authorities may disagree with our trial design and our interpretation of data from preclinical studies and clinical trials. The processes by which regulatory approvals are obtained from the FDA and foreign regulatory authorities to market and sell a new product are complex, require a number of years, depend upon the type, complexity and novelty of the product candidate and involve the expenditure of substantial resources for research, development and testing. The FDA has substantial discretion in the drug approval process and may require us to conduct additional non- clinical and clinical testing or to perform post- marketing studies. Further, the implementation of new laws and regulations, and revisions to FDA clinical trial design guidance may lead to increased uncertainty regarding the approvability of new drugs. See the risk factor entitled " Any delay in commencing or completing clinical studies for product candidates or product and any adverse results from clinical or non- clinical studies or regulatory obstacles product candidates or product may face, would harm our business and the price of our securities could fall " above for additional information. ~~The shifting environment surrounding the collective response to the COVID- 19 pandemic has led to and may lead to additional guidance from US and foreign regulatory agencies with respect to numerous matters regarding the conduct of clinical trials in general and the development of COVID- 19 related therapies, which is subject to the risk of further change, misinterpretation or non- compliance due to the changing regulatory landscape.~~ In addition, the FDA has additional standards for approval of new drugs, including recommended advisory committee meetings for certain new molecular entities, and formal risk evaluation and mitigation requirements at the FDA' s discretion. Even if ~~24we~~ **we** receive regulatory approval of a product, the approval may limit the indicated uses for which the drug may be marketed or impose significant restrictions or limitations on the use and / or distribution of such product. In addition, in order to market our medicines in foreign jurisdictions, we or our collaborative partners must obtain separate regulatory approvals in each country. The approval procedure varies among countries and can involve additional testing, and the time required to obtain approval may differ from that required to obtain FDA approval. Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or by the FDA. Conversely, failure to obtain approval in one or more jurisdictions may make approval in other jurisdictions more difficult. These laws, regulations, additional requirements and changes in interpretation could cause non- approval or further delays in the FDA' s or other regulatory authorities' review and approval of our and our collaborative partners' ~~product~~ **23product** candidates, which would materially harm our business and financial condition and could cause the price of our securities to fall. If our partners do not satisfy their obligations under our agreements with them, or if they terminate our partnerships with us, we may not be able to develop or commercialize our partnered product candidates as planned. In January 2015, we entered into a collaboration agreement with Viatris for the development and commercialization of a nebulized formulation of our LAMA revefenacin, including YUPELRI. Under the terms of the agreement, we and Viatris will co- develop nebulized revefenacin, including YUPELRI, for COPD and other respiratory diseases. In ~~December~~ 2019, we **granted Viatris exclusive development and commercialization rights to nebulized revefenacin in China and adjacent territories, which include the Hong Kong SAR, the Macau SAR, and Taiwan, and we are eligible to receive low double- digit** ~~entered~~ -- **tiered** ~~into a~~ **royalties on net sales of nebulized revefenacin, if approved. Viatris is responsible for all aspects of development and commercialization of nebulized revefenacin in China and adjacent territories, including pre- and post- launch activities and product registration and all associated costs. In connection with these agreements, Viatris has certain rights regarding the use of patents and technology with respect to the compounds in our development programs, including development and marketing rights. Our partner may not fulfill their obligations under our agreements, and, in certain circumstances, they or we may terminate our partnership with them. For example, in June 2023, we received notice from Pfizer terminating the** License Agreement **(the " Pfizer Agreement ")** with Pfizer Inc. (" Pfizer ") **regarding** ~~. Under the license agreement, we provide Pfizer with an exclusive global license to develop, manufacture and commercialize compounds from~~ our preclinical program for skin ~~–~~ targeted, locally ~~–~~ acting pan ~~–~~ Janus kinase (JAK) inhibitors that can be rapidly metabolized **as** ~~. In connection with these agreements, these parties have certain rights regarding the use~~ of ~~patents and technology~~ **October 2023. We are assessing our choices** with respect to the ~~compounds in our development programs~~ - **program covered by** ~~, including development and marketing rights. Our partners may not fulfill their obligations under these agreements, and, in certain circumstances, they~~ - **the Pfizer Agreement** ~~or we may terminate our partnership with them~~ . **We** ~~In either event, we~~ may be unable to assume the development and commercialization responsibilities covered by the agreements or enter into alternative arrangements with a third- party to develop and commercialize such product candidates. If a partner elected to promote alternative products and product candidates such as its own products and product candidates in preference to those licensed from us, does not devote an adequate amount of time and resources to our product **or product** candidates or is otherwise unsuccessful in its efforts with respect to our products or product candidates, the development and commercialization of **products and** product candidates covered by the agreements could be delayed or terminated, and future payments to us could be delayed, reduced or eliminated and our business and financial condition could be materially and adversely affected. Accordingly, our

ability to receive any revenue from the **products and** product candidates covered by these agreements is dependent on the efforts of our partners. If a partner terminates or breaches its agreements with us, otherwise fails to complete its obligations in a timely manner or alleges that we have breached our contractual obligations under these agreements, the chances of successfully developing or commercializing **products and** product candidates under the collaboration could be materially and adversely affected. In addition, effective collaboration with a partner requires coordination to achieve complex and detail- intensive goals between entities that potentially have different priorities, capabilities and processes and successful navigation of the challenges such coordination entails. We could also become involved in disputes with a partner, which could lead to delays in or termination of our development and commercialization programs and time- consuming and expensive litigation or arbitration. Furthermore, termination of an agreement by a partner could have an adverse effect on the price of our ordinary shares or other securities even if not material to our business. Our ongoing drug development efforts might not generate additional ~~successful product candidates or~~ approvable drugs. Our compounds in clinical trials ~~and our future leads for potential drug compounds~~ are subject to the risks and failures inherent in the development of pharmaceutical products. These risks include, but are not limited to, the inherent difficulty in selecting the right drug and drug target and avoiding unwanted side effects, as well as unanticipated problems relating to product development, testing, enrollment, obtaining regulatory approvals, maintaining regulatory compliance, manufacturing, competition and costs and expenses that may exceed current estimates. ~~25Clinical~~ -- **Clinical** studies involving our product candidates may reveal that those candidates are ineffective, inferior to existing approved medicines, unacceptably toxic, or that they have other unacceptable side effects. In addition, the results of preclinical studies do not necessarily predict clinical success, and larger and later- stage clinical studies may not produce the same results as earlier- stage clinical studies. For example, despite promising early stage studies, we previously announced that two late stage clinical programs failed to meet their primary endpoints. There can be no assurance that our Phase 3 study for ampreloxetine will meet its primary endpoint, and developments and results from that study may be adverse or may be perceived to be adverse. ~~Frequently~~ **24Frequently** , product candidates that have shown promising results in early preclinical or clinical studies have subsequently suffered significant setbacks or failed in later non- clinical or clinical studies. In some instances, there can be significant variability in safety and / 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, varying levels of adherence to the dosing regimen and other trial protocols and the rate of dropout among clinical trial participants. Clinical and non- clinical studies of product candidates often reveal that it is not possible or practical to continue development efforts for these product candidates. In addition, the design of a clinical trial can determine whether its results will support regulatory approval and flaws in the design of a clinical trial may not become apparent until the clinical trial is well underway or completed. As our clinical studies for one of our ~~current~~ **prior** product candidates suggested that our product candidate was not efficacious in the indications we were investigating, we choose to cease development of ~~this product candidate and are currently winding down our development programs for~~ this product candidate. In addition, our product candidates may have undesirable side effects or other unexpected characteristics that could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restricted label or the delay or denial of regulatory approval by regulatory authorities. We face substantial competition from companies with more resources and experience than we have, which may result in others discovering, developing, receiving approval for or commercializing products before or more successfully than we do. Our ability to succeed in the future depends on our ability to demonstrate and maintain a competitive advantage with respect to our approach to the discovery, development and commercialization of medicines. Our objective is to ~~discover,~~ develop and commercialize new small molecule medicines with superior efficacy, convenience, tolerability and / or safety ~~using our proprietary insights, where applicable~~ . We expect that any medicines that we commercialize with or without our collaborative partners will compete with existing or future market- leading medicines. Many of our current and potential competitors have substantially greater financial, technical and personnel resources than we have. In addition, many of these competitors have significantly greater commercial infrastructures than we have. Our ability to compete successfully will depend largely on our ability to leverage our experience in drug ~~discovery,~~ development and commercialization to: ● ~~discover and~~ develop medicines that are superior to other products in the market; ● attract and retain qualified personnel; ● obtain and enforce patent and / or other proprietary protection for our medicines and technologies; ● conduct effective clinical trials and obtain required regulatory approvals; ● develop and effectively implement commercialization strategies, with or without collaborative partners; and ● successfully collaborate with pharmaceutical companies in the ~~discovery,~~ development and commercialization of new medicines. Pharmaceutical companies, including companies with which we collaborate, may invest heavily to quickly discover and develop or in- license novel compounds that could make our product **or product** ~~candidates~~ **candidate** obsolete. Accordingly, ~~our competitors~~ **other companies** may succeed in obtaining patent protection **, conducting clinical trials** , receiving FDA or equivalent regulatory approval outside the US ~~26or~~ **or** discovering, developing and commercializing medicines before we do. Other companies are engaged in the discovery of medicines that would compete with the product ~~candidates~~ **candidate** that we are developing or our existing product. Any new medicine that competes with a generic or proprietary market leading medicine must demonstrate compelling advantages in efficacy, convenience, tolerability and / or safety in order to overcome severe price competition and be commercially successful. For example, YUPELRI competes ~~predominantly~~ **predominately** ~~with the nebulized LAMA Lonhala ® Magnair ® (glycopyrrolate) dosed two times per day and~~ with short acting nebulized bronchodilators that are dosed three to four times per day **, Verona Pharma plc' s ensifentrine, a first- in- class, selective inhaled dual inhibitor of PDE3 and PDE4 is expected to launch in the US in the second half of 2024, and Sanofi and 25Regeneron Pharmaceutical, Inc. are expecting US approval for their first- in- class, IL- 4 / IL- 13 monoclonal antibody (mAb) Dupixent ® (dupilumab) for COPD in the second half of 2024 for the maintenance treatment for patients with moderate- to- severe COPD, who are uncontrolled with current SOC triple therapy (LAMA LABA ICS) and have evidence of Type 2 inflammation and frequent exacerbation history. If successfully developed and approved, ampreloxetine would be expected to serve as the**

only safe, convenient, and durably effective treatment option for MSA patients with symptomatic nOH, entering a market where generic droxidopa is currently the sole product approved for nOH patients and midodrine is approved for OH . If we are not able to compete effectively against our current and future competitors, our business will not grow, our financial condition and operations will suffer and the price of our securities could fall. There is a single source of supply for ~~a number of~~ our product candidates and for YUPELRI, and our business will be harmed if any of these single- source manufacturers are not able to satisfy demand and alternative sources are not available. We ~~have limited in- house production capabilities for preclinical and clinical study purposes and~~ depend ~~primarily~~ on a number of third- party Active Pharmaceutical Ingredient (" API ") and drug product manufacturers **for clinical study purposes and we depend on third party suppliers for warehousing and storage of our existing API and drug product** . We may not have long- term agreements with these third parties and our agreements with these parties may be terminable at will by either party at any time. In addition, there is a single supplier of YUPELRI API ~~and~~ **,** a single supplier of YUPELRI drug product **and YUPELRI is warehoused in a single facility** . If, for any reason, any of these third- party manufacturers are unable or unwilling to perform, or if their performance does not meet regulatory requirements, alternative manufacturers may not be available or may not be available on acceptable terms. **For example, while we have not been directly or indirectly materially impacted, manufacturers and warehousing suppliers are periodically impacted by natural disasters, accidents, labor disputes, labor shortages, regulatory actions, public healthy emergencies and geopolitical factors.** Any inability to acquire sufficient quantities of API and drug product in a timely manner from these third parties could delay ~~preclinical and~~ clinical studies ~~,~~ **or** prevent us from developing our product candidates in a cost- effective manner or on a timely basis or adversely impact ~~the commercialization of~~ YUPELRI **sales** . In addition, manufacturers of our API and drug product are subject to the FDA' s current Good Manufacturing Practice (" cGMP ") regulations and similar foreign standards and we do not have control over compliance with these regulations by our manufacturers. Our manufacturing strategy presents the following additional risks: ● because of the complex nature of many of our compounds, our manufacturers may not be able to successfully manufacture our APIs and / or drug products in a cost- effective and / or timely manner and changing manufacturers for our APIs or drug products could involve lengthy technology transfer, validation and regulatory qualification activities for the new manufacturer; ● the processes required to manufacture certain of our APIs and drug products are specialized and available only from a limited number of third- party manufacturers; ● ~~some of~~ the **availability of specialized materials needed to** ~~manufacturing~~ **manufacture** ~~processes for~~ our APIs and drug products ~~have not been scaled to quantities needed for~~ **or YUPELRI** ~~continued clinical studies or commercial sales, and delays in scale- up to higher quantities could delay clinical studies, regulatory submissions and commercialization of our product candidates~~ ; ~~and~~ ● because some of the third- party manufacturers are located **in numerous locations** outside of the US, **and we are conducting global clinical trials** there may be difficulties in **shipping and** importing **and exporting** our APIs and drug products or their components **globally** ~~into the US as a result of, among other things, FDA import inspections, incomplete or inaccurate import documentation or defective packaging~~ . We are subject to extensive and ongoing regulation, oversight and other requirements by the FDA and failure to comply with these regulations and requirements may subject us to penalties that may adversely affect our financial condition or our ability to commercialize any approved products. Prescription drug advertising and promotion are closely scrutinized by the FDA, including substantiation of promotional claims, disclosure of risks and safety information, and the use of themes and imagery in advertising and promotional materials. As with all companies selling and marketing products regulated by the FDA in the US, we are prohibited from promoting any uses of an approved product, such as YUPELRI, that are outside the scope of those uses that have been expressly approved by the FDA as safe and effective on the product' s label. ~~27The~~ **26The** manufacturing, labeling, packaging, adverse event reporting, advertising, promotion **,** and recordkeeping for an approved product remain subject to extensive and ongoing regulatory requirements. If we become aware of previously unknown problems with an approved product in the US or overseas or at a contract manufacturer' s facilities, a regulatory authority may impose restrictions on the product, the contract manufacturers or on us, including requiring us to reformulate the product, conduct additional clinical studies, change the labeling of the product, withdraw the product from the market or require the contract manufacturer to implement changes to its facilities. We are also subject to regulation by regional, national, state **,** and local agencies, including the Department of Justice, the Federal Trade Commission, the Office of Inspector General of the US Department of Health and Human Services (" OIG ") and other regulatory bodies with respect to any approved product, such as YUPELRI, as well as governmental authorities in those foreign countries in which any product is approved for commercialization. The Federal Food, Drug, and Cosmetic Act, the Public Health Service Act and other federal and state statutes and regulations govern to varying degrees the research, development, manufacturing **,** and commercial activities relating to prescription pharmaceutical products, including non- clinical and clinical testing, approval, production, labeling, sale, distribution, import, export, post- market surveillance, advertising, dissemination of information and promotion. If we or any third parties that provide these services for us are unable to comply, we may be subject to regulatory or civil actions or penalties that could significantly and adversely affect our business. Regulatory approval for our product candidates, if any, may include similar or other limitations on the indicated uses for which we can market our medicines or the patient population that may utilize our medicines, which may limit the market for our medicines or put us at a competitive disadvantage relative to alternative therapies. Failure to satisfy required post- approval requirements and / or commitments may have implications for a product' s approval and may carry civil monetary penalties. Any failure to maintain regulatory approval will materially limit the ability to commercialize a product or any future product candidates and if we fail to comply with FDA regulations and requirements, the FDA could potentially take a number of enforcement actions against us, including the issuance of untitled letters, warning letters, preventing the introduction or delivery of the product into interstate commerce in the US, misbranding charges, product seizures, injunctions, and civil monetary penalties, which would materially and adversely affect our business and financial condition and may cause the price of our securities to fall. The risks identified in this risk factor relating to regulatory actions and oversight by agencies in the US and throughout the world also apply to the commercialization of any

partnered products by our collaboration partners and those commercializing products with respect to which we have an economic interest or right to receive royalties, including GSK, and such regulatory actions and oversight may limit those parties' ability to commercialize such products, which could materially and adversely affect our business and financial condition, and which may cause the price of our securities to fall. We and / or our collaboration partners and those commercializing products with respect to which we have an economic interest or right to receive royalties may face competition from companies seeking to market generic versions of any approved products in which we have an interest, such as YUPELRI. Under the Drug Price Competition and Patent Term Restoration Act of 1984, a company may submit an abbreviated new drug application (" ANDA ") under section 505 (j) of the Federal Food, Drug, and Cosmetic Act to market a generic version of an approved drug. Because a generic applicant does not conduct its own clinical studies, but instead relies on the FDA' s finding of safety and effectiveness for the approved drug, it is able to introduce a competing product into the market at a cost significantly below that of the original drug. Although we have multiple patents protecting YUPELRI with expiration dates ranging from 2025 to 2039 that are listed in the FDA' s Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the Orange Book, generic applicants have submitted, and could potentially submit additional, " paragraph IV certifications " to FDA stating that such patents are invalid or will not be infringed by the applicant' s product. In fact, on January 10, 2023, the FDA included seven ANDAs that referred to YUPELRI (revefenacin) inhalation solution and contained a paragraph IV certification on its Paragraph IV Certifications List. **As of February 28, 2024, we have settled litigation with some of the generic applicants, and pursuant to individual agreements, we granted these companies a royalty- free, non- exclusive, non- sublicensable, non- transferable license to manufacture and market their respective generic versions of YUPELRI inhalation solution in the US on or after the licensed launch date of April 23, 2039, subject to certain exceptions as is customary in these type of 27agreements.** We are not aware of any other paragraph IV notifications with respect to products in which we have an economic interest or right to receive royalties. Our collaboration partner, Viatris, is responsible for enforcing our Orange Book patents relating to YUPELRI, in consultation with us, and our views may differ from theirs with respect to the ongoing litigation, process or strategy and we have a reduced ability to control the outcome of the litigation. If any ~~28competitors~~ **competitors** successfully challenge the patents related to these products, including YUPELRI, we and / or our collaboration partners and those commercializing products with respect to which we have an economic interest or right to receive royalties would face substantial competition. If we are not able to compete effectively against such future competition, our business will not grow, our financial condition and operations will suffer and the price of our securities could fall. For additional discussion of the risk of generic competition to YUPELRI, please see the risk factor below entitled " If our efforts to protect the proprietary nature of the intellectual property related to our technologies are not adequate, we may not be able to compete effectively in our current or future markets " and " Litigation to protect or defend our intellectual property or third party claims of intellectual property infringement will require us to divert resources and may prevent or delay our drug discovery and development efforts. " If we are unable to enter into future collaboration arrangements or if any such collaborations with third parties are unsuccessful, we may be unable to fully develop and commercialize certain product candidates and our business will be adversely affected. We have **a** ~~collaborations~~ **collaboration** with ~~a number of third parties including~~ Viatris for the development and commercialization of a nebulized formulation of revefenacin, which is a LAMA compound (including YUPELRI). **In addition, we plan to seek a partnership to continue progression of our inhaled JAK inhibitor program.** Additional collaborations, if any, may be needed to **progress additional** ~~fund development of certain~~ programs ~~that have not been licensed to a collaborator~~ and to commercialize the product candidates in our programs if approved by the necessary regulatory authorities. We evaluate commercial strategy on a product by product basis either to engage pharmaceutical or other healthcare companies with an existing sales and marketing organization and distribution system to market, sell and distribute our products or to commercialize a product ourselves. However, we may not be able to establish these sales and distribution relationships on acceptable terms, or at all, or may encounter difficulties in commercializing a product ourselves. For any of our product candidates that receive regulatory approval in the future and are not covered by our current collaboration agreements, we will need a partner in order to commercialize such products unless we establish independent sales, marketing and distribution capabilities with appropriate technical expertise and supporting infrastructure. Collaborations with third parties regarding our programs may require us to relinquish material rights, including revenue from commercialization of our medicines, or to assume material ongoing development obligations that we would have to fund. These collaboration arrangements are complex and time- consuming to negotiate, and if we are unable to reach agreements with third- party collaborators, we may fail to meet our business objectives and our financial condition may be adversely affected. We face significant competition in seeking third- party collaborators. We may be unable to find third parties to pursue product collaborations on a timely basis or on acceptable terms. Furthermore, once we enter into a collaboration, our collaboration partners are frequently important for the success of the product or product candidate. For example, Viatris' role in the commercialization of YUPELRI is important to the overall success of product **. In addition, since we do not currently intend to progress our skin- selective pan- JAK inhibitor program internally, Pfizer was important to such program' s development** . However, for any collaboration, we may not be able to control the amount of time and resources that our partners devote to our products or product candidates and our partners may choose to prioritize alternative programs or otherwise be unsuccessful in their efforts with respect to our products or product candidates. In addition, effective collaboration with a partner requires coordination to achieve complex and detail- intensive goals between entities that potentially have different priorities, capabilities and processes and successful navigation of the challenges such coordination entails. For example, Viatris has a substantial existing product portfolio largely comprising generic products, other considerations and incentives that influence its resource allocation, and background, experiences, priorities **,** and internal organizational processes that differ from our own. As a result of these differing backgrounds, interests **,** and processes, Viatris may take actions that it believes are in its best interest, but which might not be in the best interests of either us or our other shareholders. Our inability to successfully collaborate with third parties would increase our development costs and may cause us

to choose not to continue development of certain product candidates, would limit the likelihood of successful commercialization of ~~some~~ **28some** of our product candidates, may cause us not to continue commercialization of our authorized products and could cause the price of our securities to fall. We depend on third parties in the conduct of our non- clinical and clinical studies for our product candidates. We depend on independent clinical investigators, contract research and manufacturing organizations and other third- party service providers in the conduct of our non- clinical and clinical studies for our product candidates. We rely ~~29heavily~~ -- **heavily** on these parties for execution of our non- clinical and clinical studies, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that our clinical studies are conducted in accordance with good clinical, laboratory and manufacturing practices (" GXPs ") and other regulations as required by the FDA and foreign regulatory authorities, and the applicable protocol. Failure by these parties to comply with applicable regulations and practices in conducting studies of our product candidates can result in a delay in our development programs or non- approval of our product candidates by regulatory authorities ~~. Furthermore, to the extent the operations of these third parties are disrupted as result of the COVID- 19 pandemic or otherwise, our development programs could be delayed~~ . The FDA, and equivalent authorities in third countries, enforces GXPs and other regulations through periodic inspections of trial sponsors, clinical research organizations (" CROs "), principal investigators and trial sites. If we or any of the third parties on which we have relied to conduct our clinical studies are determined to have failed to comply with GXPs (or other equivalent regulations outside the US), the study protocol or applicable regulations, the clinical data generated in our studies may be deemed unreliable. This could result in non- approval of our product candidates by the FDA, or equivalent authorities in other countries, or we, the FDA, or equivalent authorities in other countries may decide to conduct additional audits or require additional clinical studies, which would delay our development programs, could result in significant additional costs and cause the price of our securities to fall. If there are any adverse developments or perceived adverse developments with respect to TRELEGY, we may not receive Milestone Payments or the revenue we expect from the Outer Years Royalty, which would harm our business and could cause the price of our securities to fall. Through the milestone payments we may receive from Royalty Pharma if certain TRELEGY global net sales thresholds are met following our sale of our economic interest in TRELEGY (the " Milestone Payments ") and **pursuant to** our right to receive from Royalty Pharma 85 % of the royalty payments on the Assigned Collaboration Products (as defined in the Purchase Agreement) payable (a) for sales or other activities occurring on and after January 1, 2031 related to the Assigned Collaboration Products in the US, and (b) for sales or other activities occurring on and after July 1, 2029 related to the Assigned Collaboration Products outside of the US (the " Outer Years Royalty " and, together with the Milestone Payments, the " Ongoing Economic Interest "), we may participate in the mid- and long- term economically in royalty payments from GSK with respect to the TRELEGY. However, we cannot assure you as to the amount, if any, we might receive. We have no access to non- public information regarding the development progress of, or plans **for** TRELEGY, and we have no current authority to enforce rights under the GSK Agreements assigned to TRC. However, if there are any adverse developments or perceived adverse developments with respect to TRELEGY, we may not realize the value we currently anticipate from the Ongoing Economic Interest, which would harm our business and may cause the price of our securities to fall. Examples of such adverse developments include, but are not limited to: ● disappointing or lower than expected sales of TRELEGY; ● the emergence of new closed triple or other alternative therapies or any developments regarding competitive therapies, including comparative price or efficacy of competitive therapies; ● disputes between any of Royalty Pharma, GSK, Innoviva and us; ● GSK deciding to modify, delay or halt the TRELEGY program; ● any ~~adverse effects resulting from the COVID- 19 pandemic; ● any~~ safety, efficacy or other concerns regarding the TRELEGY program; or ● any particular FDA requirements or changes in FDA policy or guidance regarding the TRELEGY program or any particular regulatory requirements in other jurisdictions or changes in the policies or guidance adopted by foreign regulatory authorities. ~~30We~~ **29We** do not control the commercialization of TRELEGY; accordingly, our receipt of Milestone Payments and receipt of the value we currently anticipate from the Outer Years Royalty will depend on, among other factors, GSK' s ability to further commercialize TRELEGY. Our Ongoing Economic Interest in TRELEGY consists of the potential Milestone Payments and our right to receive from Royalty Pharma the Outer Years Royalty, both of which are ultimately based on the amount of sales of this product by GSK. Any benefit we may receive from the Ongoing Economic Interest will depend on GSK' s ability to commercialize the product, and the future payments, if any, made by GSK to Royalty Pharma. Accordingly, our Ongoing Economic Interest involves a number of risks and uncertainties, including: ● GSK' s ability to have an adequate supply of TRELEGY product; ● ongoing compliance by GSK or its suppliers with the FDA' s current Good Manufacturing Practice; ● compliance with other applicable FDA and other regulatory requirements in the US or other foreign jurisdictions, including those described elsewhere in this report; ● competition, whether from current competitors or new products developed by others in the future; ● claims relating to intellectual property; ● any future disruptions in GSK' s business which would affect its ability to commercialize TRELEGY, including, disruptions due to the COVID- 19 pandemic; ● the ability of TRELEGY to achieve wider acceptance among physicians, patients, third- party payors, or the medical community in general; ● global economic conditions; and ● any of the other risks relating to commercialization of TRELEGY. These risks and uncertainties could materially impact the amount and timing of future Milestone Payments and Outer Years Royalty, which could have a material adverse effect on our future revenues, other financial results and our financial position and cause the price of our securities to fall. If we lose key management, sales or scientific personnel, or if we fail to attract and retain key employees, our ability to discover and develop our product candidates and commercialize our products will be impaired. We are highly dependent on principal members of our management team and commercial and scientific staff, and in particular, our Chief Executive Officer, Rick E Winningham, to operate our business. Mr. Winningham has significant pharmaceutical industry experience. The loss of Mr. Winningham' s services could impair our ability to discover, develop and commercialize new medicines. If we fail to retain our qualified personnel or replace them when they leave, we may be unable to continue our development and commercialization activities, which may cause the price of our securities to fall. The Restructuring announced in September 2021, and completed in the third quarter of 2022, and the additional

headcount reductions announced in February 2023, may make retention of our current personnel both more important and more challenging. In addition, our US operating subsidiary' s facility and most of its employees are located in northern California, headquarters to many other biotechnology and biopharmaceutical companies and many academic and research institutions. As a result, competition for certain skilled personnel in our market is intense. None of our employees have employment commitments for any fixed period of time and they all may leave our employment at will. If we fail to retain our qualified personnel or replace them when they leave, we may be unable to continue our development and commercialization activities and the price of our securities could fall. ~~31Our~~ **30Our** business and operations would suffer in the event of significant disruptions of information technology systems or security breaches. We rely extensively on computer systems to maintain information and manage our finances and business. In the ordinary course of business, we collect, store **,** and transmit large amounts of confidential information (including but not limited to trade secrets or other intellectual property, proprietary business information and personal information) and it is critical that we maintain the confidentiality and integrity of such confidential information. Although we have security measures in place, our internal information technology systems and those of our CROs and other service providers, including cloud based and hosted applications, data and services, may be vulnerable to service interruptions and security breaches from inadvertent or intentional actions by our employees, service providers and / or business partners, from cyber- attacks by malicious third parties, including but not limited to those involving malware and ransomware, which can disrupt operations significantly, and / or from, natural disasters, terrorism, war and telecommunication and electrical failures. Cyber- attacks are increasing in their frequency, sophistication, and intensity, and have become increasingly difficult to detect. Significant disruptions of information technology systems or security breaches could adversely affect our business operations and result in financial, legal, business **,** and reputational harm to us, including significant liability and / or significant disruption to our business. If a disruption of information technology systems or security breach results in a loss of or damage to our data or regulatory applications, unauthorized access, use, or disclosure of, or the prevention of access to, confidential information, or other harm to our business, we could incur liability and reputational harm, we could be required to comply with federal and / or state breach notification laws and foreign law equivalents, we may incur legal expenses to protect our confidential information, the further development of our product candidates could be delayed and the price of our securities could fall. For example, the loss of clinical trial data from completed or ongoing clinical trials of our product candidates could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. As another example, we may incur penalties imposed by the competent authorities in the EU Member States in case of breach of the EU rules governing the collection and processing of personal data, including unauthorized access to or disclosure of personal data **. In addition, we may suffer damages as a result of civil (class action) claims in response to security breaches**. Although we have security and fraud prevention measures in place, we have been subject to immaterial payment fraud activity. In 2017, we filed a lawsuit (which has since been resolved) against a former employee for misappropriation of our confidential, proprietary and trade secret information. Moreover, there can be no assurance that our security measures will prevent service interruptions or security breaches that could adversely affect our business. These same risks also apply to our partners and vendors, who similarly hold sensitive and critical information related to our business in computer systems and are similarly potentially vulnerable to service interruptions and security breaches. We face risks related to widespread illnesses, including the recent COVID- 19 pandemic, which could have a material adverse effect on our business and results of operations. Our business has been and ~~will~~ **may** continue to be adversely affected by the outbreak of respiratory illness caused by a novel strain of coronavirus, SARS- CoV- 2, causing the Coronavirus Disease 2019, also known as COVID- 19 (the " COVID- 19 pandemic "). ~~The COVID- 19 pandemic has weighed on the macroeconomic environment, and the pandemic has, directly and indirectly, significantly increased economic volatility and uncertainty.~~ Sales momentum **was** ~~has been~~ affected by COVID- 19 **in the past** and may continue to be in the future. We market YUPELRI in the hospital setting and to pulmonologists, whose practices ~~have been~~ **were, and may be in the future,** impacted by the pandemic **or future respiratory** ~~. In mid- March 2020, we suspended in- person sales calls to accounts in response to the COVID- 19 pandemic~~ **pandemics** ~~. In August 2020, we began reengaging with these customers in- person and remotely. We are now able to more frequently conduct in- person customer engagements, however there is still variability of access regionally~~ . Customer orders or new patient use of YUPELRI may decline or fail to grow as a result of, among other things, a shift in our marketing efforts, increased workload of healthcare providers, staffing challenges at hospitals, and the impact of any concerns regarding nebulization in COVID- 19 positive patients. **Challenges** ~~We are preparing for continued volatility as disruptions of day-~~ to **the conduct** ~~- day operations~~ of ~~hospitals and clinics~~ **clinical trials** may continue **to arise due to** ~~. In addition, while we do not currently anticipate any supply issues,~~ the COVID- 19 pandemic ~~could impact our supply of YUPELRI in the future. At this stage, we are unable to predict with certainty the ultimate disruptive impact of the COVID- 19 pandemic on both YUPELRI and the rest of our business. In addition, the COVID- 19 pandemic makes the conduct of clinical trials more challenging given the paramount importance of adequate safety monitoring, collection of data and distribution of study drug, all of which are traditionally achieved by in- person visits to our study sites. Challenges may continue to arise~~ from site closures, site staffing ~~32shortages~~ -- **shortages** , potential interruptions to the supply chain for investigational products, or other considerations if site personnel or trial participants become infected with COVID- 19. These challenges may lead to difficulties in meeting protocol- specified procedures. ~~The Company implemented mitigation plans to help ensure patients in the clinical trials have continued access to drug supply and regular visits with their physicians for study visits per trial protocols, but there is a risk that our trial data could be impacted if our efforts are insufficient. It is also possible that demand for products that we may pursue could be materially and adversely affected as a result of COVID- 19 and any related economic impact.~~ If significant portions of our workforce, and particularly our field- based teams, are unable to work effectively, including due to illness, quarantines, social distancing, government actions or other restrictions in connection with the COVID- 19 pandemic or other health emergencies, our operations will be impacted. The COVID- 19 pandemic or other health emergencies could limit the ability of our customers, suppliers **,** and business partners to perform under their ~~contracts~~ **31contracts** with us,

including third- party payers' ability to make timely payments to us during and following the pandemic. ~~We may also experience a shortage of supplies and materials or a suspension of services from third parties.~~ Even ~~after~~ **now that** the COVID- 19 pandemic **has largely** ~~subsides~~ **subsided** , we may continue to experience an adverse impact to our business as a result of its global economic ~~impact~~ **impacts** . Global economic, political, and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price. Worldwide economic conditions remain uncertain due to current global economic challenges, hostilities in Ukraine **and the Middle East** , the COVID- 19 pandemic and other health emergencies, the United Kingdom' s (" UK ") withdrawal from the EU (often referred to as " Brexit "), **inflation, instability in the US banking sector** and other disruptions to global and regional economies and markets. Further, development of our product candidates and / or regulatory approval may be delayed for other political events beyond our control. For example, a US federal government shutdown or budget sequestration, such as ones that occurred during 2013, 2018, and 2019, may result in significant reductions to the FDA' s budget, employees **,** and operations, which may lead to slower response times and longer review periods, potentially affecting our ability to progress development of our product candidates or obtain regulatory approval for our product candidates. Further, future government shutdowns, including as a result of the US failing to raise the debt ceiling, could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations. Our operations also depend upon favorable trade relations between the US and those foreign countries **, including China,** in which our materials suppliers have operations. A protectionist trade environment in either the US or those foreign countries in which we do business, such as a change in the current tariff structures, export compliance or other trade policies, may materially and adversely affect our operations. Brexit ~~has~~ created significant uncertainty about the future relationship between the UK and the EU, including with respect to the laws and regulations that will apply as the UK determines which EU laws to replace or replicate after withdrawal. From a regulatory perspective, the UK' s withdrawal bears significant complexity and risks. External factors, such as potential terrorist attacks, acts of war, geopolitical and social turmoil, including the ongoing hostilities between Russia and Ukraine, similar events in many parts of the world or the worsening of such factors, could also prevent or hinder our ability to do business, increase our costs and negatively affect our stock price. These geopolitical, social **,** and economic conditions could harm our business. Our US operating subsidiary' s facility is located near known earthquake fault zones, and the occurrence of an earthquake, extremist attack or other catastrophic disaster could cause damage to our facilities and equipment, which could require us to cease or curtail operations. Our US operating subsidiary' s facility is located in the San Francisco Bay Area near known earthquake fault zones and therefore will be vulnerable to damage from earthquakes. In October 1989, a major earthquake struck this area and caused significant property damage and a number of fatalities. We are also vulnerable to damage from other types of disasters, including power loss, attacks from extremist organizations, fire, floods, communications failures **,** and similar events. If any disaster were to occur, our ability to operate our business could be seriously impaired. In addition, the unique nature of our ~~research~~ **drug development** activities and of much of our equipment could make it difficult and costly for us to recover from this type of disaster. We may not have adequate insurance to cover our losses resulting from disasters or other ~~33similar~~ -- **similar** significant business interruptions and we do not plan to purchase additional insurance to cover such losses due to the cost of obtaining such coverage. Any significant losses that are not recoverable under our insurance policies could seriously impair our business and financial condition, which could cause the price of our securities to fall. If sufficient capital is not available, we may have to further curtail operations or we could be forced to share our rights to commercialize our product candidates with third parties on terms that may not be favorable to us. Based on our current operating plans and financial forecasts, we believe that our existing cash, cash equivalents and marketable securities will be sufficient to meet our anticipated operating needs for at least the next twelve months ~~, even assuming that we repurchase approximately $ 170. 0 million of our ordinary shares as has been announced by the board, whether pursuant to any current or future open- market share repurchase program or otherwise~~ . However, our current operating plans or financial forecasts occasionally change. For example, in August 2017, we announced an increase in our anticipated operating loss for 2017, primarily driven by our decision to accelerate funding associated with the next phase of development of izencitinib in our JAK inhibitor program. In addition, following ~~unfavorable~~ **32unfavorable** results from our late- stage development programs, in September 2021, we announced a strategic update and corporate restructuring (the " **2021** Restructuring "), including a reduction in headcount by approximately 75 % through a reduction in our workforce of regular and contingent workers. The **2021** Restructuring was completed during the third quarter of 2022, and we ~~and~~ announced additional headcount reductions in February 2023. If our current operating plans or financial forecasts change, we may require or seek additional funding in the form of public or private equity or equity- linked offerings, debt financings or additional collaborations and licensing arrangements. In addition, as of December 31, ~~2022~~ **2023** , we had cash, cash equivalents and ~~short- term~~ marketable securities of $ ~~327~~ **102** . ~~5~~ **4** million **, which do not reflect our repurchase of $ 0. 4 million of our ordinary shares during January 2024 under our share repurchase program** . Our future capital needs depend on many factors, including: ● support and investments in YUPELRI, including funding our commercialization strategies and post marketing clinical studies; ● the scope, duration, expenditures **,** and technical obstacles associated with our ampreloxetine program, including preparing for potential product approvals of ampreloxetine **and its potential commercialization; ● the occurrence of events triggering Royalty Pharma' s obligations to make Milestone Payments to us** ; ● the outcome of potential licensing or partnering transactions, if any; ● responding to competitive pressures and competing technological developments; ● the extent of our proprietary patent position in any approved products and our product candidates; ● our facilities expenses, which will vary depending on the time and terms of any facility lease or sublease we may enter into, and other operating expenses; ● the scope and extent of the sales and marketing efforts, including our independent sales and marketing organization and medical affairs team; ● litigation, potential litigation and other contingencies; and ● the regulatory approval process for our product candidates. If we require additional funding, we may not be able to obtain additional financing on terms favorable to us, if at all. General market conditions may make it difficult for us to seek financing from the capital markets. We may be required to relinquish rights to our technologies, product

candidates or territories, or grant licenses on terms that are not favorable to us, in order to raise additional funds through collaborations or licensing arrangements. We may also have to sequence studies as opposed to conducting them concomitantly in order to conserve resources, or, as we announced in September 2021 and in February 2023, we may need to delay, reduce, or eliminate one or more of our programs and reduce overall overhead expenses. In addition, we may have to make additional reductions in our workforce and may be prevented from continuing our development and commercialization efforts and exploiting other corporate opportunities. This would likely harm our business, prospects and financial condition, and cause the price of our securities to fall. ~~34We~~ **We** may seek to obtain future financing through the issuance of debt or equity, which may have an adverse effect on our shareholders or may otherwise adversely affect our business. We may in the future need to raise additional funds to continue to progress our business. If we raise funds through the issuance of additional debt, including convertible debt or debt secured by some or all of our assets, or equity, any debt securities or preferred shares issued will have rights, preferences **,** and privileges senior to those of holders of our ordinary shares in the event of liquidation. We do not have any outstanding long- term debt, but if additional debt is issued or we otherwise borrow additional funds in the future, there is a possibility that once all senior claims are settled, there may be no assets remaining to pay out to the holders of ordinary shares. In addition, if we raise funds through the ~~issuance~~ **33issuance** of additional equity, whether through private placements or public offerings, such an issuance would dilute ownership of our current shareholders that do not participate in the issuance. If we are unable to obtain any needed additional funding, we may be required to reduce the scope of, delay, or eliminate some or all of, our planned ~~research,~~ development ~~,~~ and commercialization activities or to license to third parties the rights to develop and / or commercialize products or technologies that we would otherwise seek to develop and / or commercialize ourselves or on terms that are less attractive than they might otherwise be, any of which could materially harm our business. Furthermore, the terms of any debt securities we may issue in the future may impose restrictions on our operations, which may include limiting our ability to incur additional indebtedness, pay dividends on or repurchase our share capital, or make certain acquisitions or investments. In addition, we may be subject to covenants requiring us to satisfy certain financial tests and ratios, and our ability to satisfy such covenants may be affected by events outside of our control. We may be treated as a US corporation for US federal income tax purposes. For US federal income tax purposes, a corporation generally is considered tax resident in the place of its incorporation. Theravance Biopharma is incorporated under Cayman Islands law and established tax residency in Ireland effective July 1, 2015. Therefore, it should be a non- US corporation under this general rule. However, Section 7874 of the Internal Revenue Code of 1986, as amended (the " Code "), contains rules that may result in a foreign corporation being treated as a US corporation for US federal income tax purposes. The application of these rules is complex and there is little guidance regarding certain aspects of their application. Under Section 7874 of the Code, a corporation created or organized outside the US will be treated as a US corporation for US federal tax purposes if (i) the foreign corporation directly or indirectly acquires substantially all of the properties held directly or indirectly by a US corporation, (ii) the former shareholders of the acquired US corporation hold at least 80 % of the vote or value of the shares of the foreign acquiring corporation by reason of holding stock in the US acquired corporation, and (iii) the foreign corporation' s " expanded affiliated group " does not have " substantial business activities " in the foreign corporation' s country of incorporation relative to its expanded affiliated group' s worldwide activities. For this purpose, " expanded affiliated group " generally means the foreign corporation and all subsidiaries in which the foreign corporation, directly or indirectly, owns more than 50 % of the stock by vote and value, and " substantial business activities " generally means at least 25 % of employees (by number and compensation), assets and gross income of our expanded affiliated group are based, located **,** and derived, respectively, in the country of incorporation. We do not expect to be treated as a US corporation under Section 7874 of the Code, because we do not believe that the assets contributed to us by Innoviva constituted " substantially all " of the properties of Innoviva (as determined on both a gross and net fair market value basis). However, the Internal Revenue Service may disagree with our conclusion on this point and assert that, in its view, the assets contributed to us by Innoviva did constitute " substantially all " of the properties of Innoviva. In addition, there could be legislative proposals to expand the scope of US corporate tax residence and there could be changes to Section 7874 of the Code or the Treasury Regulations promulgated thereunder that could apply retroactively and could result in Theravance Biopharma being treated as a US corporation. If it were determined that we should be treated as a US corporation for US federal income tax purposes, we could be liable for substantial additional US federal income tax on our post- Spin- Off taxable income. In addition, though we have no current plans to pay any dividends, payments of any dividends to non- US holders may be subject to US withholding tax. ~~35Future~~ -- **Future** tax reform, including changes in tax rates and imposition of new taxes, could impact our results of operations and financial condition. We are incorporated in the Cayman Islands, maintain subsidiaries in the Cayman Islands (until December 2020), the US, the UK and Ireland, and effective July 1, 2015, we migrated our tax residency from the Cayman Islands to Ireland. We are subject to new, evolving **,** or revised tax laws and regulations in such jurisdictions, and the enactment of or increases in taxes, or other changes in the application of existing taxes, in such jurisdictions may have an adverse effect on our business or on our results of operations. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our future effective tax rate could be affected by changes in our mix ~~of~~ **34of** earnings in countries with differing statutory tax rates, changes in valuation of our deferred tax assets and liabilities, or changes in tax laws or their interpretation, including possible US tax reform and contemplated changes in other countries of long-standing tax principles. These and other similar changes, if finalized and adopted, could have a material impact on our income tax expense and deferred tax balances. Taxing authorities may challenge our structure and transfer pricing arrangements. We are incorporated in the Cayman Islands, maintain subsidiaries in the Cayman Islands (until December 2020), the US, the UK and Ireland, and effective July 1, 2015, we migrated our tax residency from the Cayman Islands to Ireland. Due to economic and political conditions, various countries are actively considering changes to existing tax laws. We cannot predict the form or timing of potential legislative changes that could have a material adverse impact on our results of operations. Ireland has implemented further tax law changes through the Finance Act 2021 to comply with the European Union Anti- Tax Avoidance

Directives. Changes to date, including reverse- hybrid mismatch and interest limitation rules, are not expected to have a material impact on the Company' s tax position. In April 2020, we became aware of a withholding tax regulation that could be interpreted to apply to certain of our previous intra- group transactions. Additional draft guidance on this withholding tax regime was released in late 2020 and early 2021, and based on our analysis of this guidance, we do not believe the exposure to be material. We continue to monitor the evolving legislation relating to this matter and will consider its impact on our consolidated financial statements. In addition, significant judgment is required in determining our worldwide provision for income taxes. Various factors may have favorable or unfavorable effects on our income tax rate including, but not limited to the performance of certain functions and ownership of certain assets in tax- efficient jurisdictions such as the Cayman Islands and Ireland, together with intra- group transfer pricing agreements. Taxing authorities may challenge our structure and transfer pricing arrangements through an audit or lawsuit. Responding to or defending such a challenge could be expensive and consume time and other resources, and divert management' s time and focus from operating our business. We cannot predict whether taxing authorities will conduct an audit or file a lawsuit challenging this structure, the cost involved in responding to any such audit or lawsuit, or the outcome. We may be required to pay taxes for prior periods, interest, fines or penalties, and may be obligated to pay increased taxes in the future which could result in reduced cash flows and have a material adverse effect on our business, financial condition and growth prospects. We were a passive foreign investment company, or " PFIC, " for 2014, but we were not a PFIC from 2015 through ~~2021~~ **2023**, and we do not expect to be a PFIC for the foreseeable future. For US federal income tax purposes, we generally would be classified as a PFIC for any taxable year if either (i) 75 % or more of our gross income (including gross income of certain 25 % or more owned corporate subsidiaries) is " passive income " (as defined for such purposes) or (ii) the average percentage of our assets (including the assets of certain 25 % or more owned corporate subsidiaries) that produce passive income or that are held for the production of passive income is at least 50 %. In addition, whether our Company will be a PFIC for any taxable year depends on our assets and income over the course of each such taxable year and, as a result, cannot be predicted with certainty until after the end of the year. Based upon our assets and income during the course of 2014, we believe that our Company and one of our Company' s wholly- owned subsidiaries, Theravance Biopharma R & D, Inc. was a PFIC for 2014. Based upon our assets and income from 2015 through ~~2022~~ **2023**, we do not believe that our Company is a PFIC since 2015. Based on existing tax law, we do not expect to be a PFIC for the foreseeable future based on our current business plans and current business ~~36model --~~ **model**. For any taxable year (or portion thereof) in which our Company is a PFIC that is included in the holding period of a US holder, the US holder is generally subject to additional US federal income taxes plus an interest charge with respect to certain distributions from Theravance Biopharma or gain recognized on a sale of Theravance Biopharma shares. Similar rules would apply with respect to distributions from or gain recognized on an indirect sale of Theravance Biopharma Ireland Limited. US holders of our ordinary shares may have filed an election with respect to Company shares held at any time during 2014 to be treated as owning an interest in a " qualified electing fund " (" QEF ") or to " mark to market " their ordinary shares to avoid the otherwise applicable interest charge consequences of PFIC treatment with respect to our ordinary shares. A foreign corporation will not be treated as a QEF for any taxable year in which such foreign corporation is not treated as a PFIC. QEF and mark to market elections generally apply to the taxable year for ~~which~~ **35which** the election is made and all subsequent taxable years unless the election is revoked with consent of the Secretary of Treasury. US holders of our ordinary shares should consult their tax advisers regarding the tax reporting implications with respect to any QEF and mark to market elections made with respect to our Company and with respect to their indirect interests in Theravance Biopharma R & D, Inc. If we are unable to maintain effective internal controls, our business, financial position **,** and results of operations could be adversely affected. If we are unable to maintain effective internal controls, our business, financial position **,** and results of operations could be adversely affected. We are subject to the reporting and other obligations under the Exchange Act, including the requirements of Section 404 of the Sarbanes- Oxley Act of 2002, which require annual management assessments of the effectiveness of our internal control over financial reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a- 15 (f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the US. Any failure to achieve and maintain effective internal controls could have an adverse effect on our business, financial position **,** and results of operations ~~. In addition, our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting annually. If our independent registered public accounting firm is unable to attest to the effectiveness of our internal control over financial reporting, investor confidence in our reported results will be harmed and the price of our securities may fall~~. These reporting and other obligations place significant demands on our management and administrative and operational resources, including accounting resources. RISKS RELATED TO LEGAL AND REGULATORY UNCERTAINTY If our efforts to protect the proprietary nature of the intellectual property related to our technologies are not adequate, we may not be able to compete effectively in our current or future markets. We rely upon a combination of patents, patent applications, trade secret protection and confidentiality agreements to protect the intellectual property related to our technologies. Any involuntary disclosure to or misappropriation by third parties of this proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, thus eroding our competitive position in our market. The status of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and is very uncertain. As of December 31, ~~2022~~ **2023**, we owned a total of ~~235~~ **176** issued US patents and 1, ~~491~~ **002** granted foreign patents, as well as additional pending US and foreign patent applications. Our patent applications may be challenged or fail to result in issued patents and our existing or future patents may be invalidated or be too narrow to prevent third parties from developing or designing around these patents, including the patents that relate to YUPELRI. If the sufficiency of the breadth or strength of protection provided by our patents with respect to a product candidate is threatened, it could dissuade companies from collaborating with us to develop product candidates and

threaten our ability to commercialize products. Further, if we encounter delays in our clinical trials or in obtaining regulatory approval of our product candidates, the effective patent lives of the related product candidates could be reduced. In addition, we rely on trade secret protection and confidentiality agreements to protect proprietary know- how that is not patentable, for processes for which patents are difficult to enforce and for any other elements of our drug discovery and development processes that involve proprietary know- how, information and technology that is not covered by patent applications. Although we require our employees, consultants, advisors and any third parties who have access to our proprietary know- how, information and technology to enter into confidentiality agreements, we cannot be certain ~~37that~~ **that** this know- how, information and technology will not be misappropriated, disclosed or used for unauthorized purposes or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. Further, the laws of some foreign countries do not protect proprietary rights to the same extent as the laws of the US. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the US and abroad. If we are unable to prevent material disclosure of the intellectual property related to our technologies to third parties, we will not be able to establish or, if established, maintain a competitive advantage in our market, which could materially adversely affect our business, financial condition **,** and results of operations, which could cause the price of our securities to fall. ~~Litigation~~ **36Litigation** to protect or defend our intellectual property or third- party claims of intellectual property infringement will require us to divert resources and may prevent or delay our drug discovery and development efforts. Our commercial success depends in part on us and our partners not infringing the patents and proprietary rights of third parties. Third parties may assert that we or our partners are using their proprietary rights without authorization. There are third- party patents that may cover materials or methods for treatment related to our product candidates. At present, we are not aware of any patent infringement claims that would adversely and materially affect our ability to develop our product candidates, but nevertheless the possibility of third- party allegations cannot be ruled out. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. Furthermore, parties making claims against us or our partners may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our product candidates. Defense against these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful claim of infringement against us, we may have to pay substantial damages, obtain one or more licenses from third parties or pay royalties. In addition, even in the absence of litigation, we may need to obtain licenses from third parties to ~~advance our research or~~ allow commercialization of our product candidates, and we have done so from time to time. We may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In that event, we would be unable to further develop and commercialize one or more of our product candidates, which could harm our business significantly. In addition, we have initiated, and in the future we could again be required to initiate, litigation to enforce our proprietary rights against infringement by third parties, prevent the unauthorized use or disclosure of our trade secrets and confidential information, or defend the validity of our patents. For example, in 2017, we filed a lawsuit against a former employee for misappropriation of certain of our confidential, proprietary and trade secret information. While this litigation has since been resolved, prosecution of claims to enforce or defend our rights against others involve substantial litigation expenses and divert substantial employee resources from our business but may not result in adequate remedy to us or sufficiently mitigate the harm to our business caused by any intellectual property infringement, unauthorized access, use or disclosure of trade secrets. For example, in February 2023, we filed patent infringement lawsuits against seven companies and certain of their affiliates seeking to market a generic version of YUPELRI **, and in December 2023, we amended the lawsuit to include several non- Orange Book listed patents. Additional lawsuits were filed later in 2023 and into 2024 based on newly- issued patents** . If these companies are found not to infringe one or more of our patents or the litigation results in one or more of our patents being invalidated, the generic companies may be able to launch their products prior to the expiration of the patents, which range from ~~2030~~ **2028** to 2039. Our collaboration partner, Viatris, is responsible for enforcing our Orange Book patents relating to YUPELRI, in consultation with us, and their views on the ongoing litigation, process or strategy may differ from ours, and we have a reduced ability to control the outcome of the litigation. For additional discussion of risks related to partnering programs, please see the risk factor entitled " If we are unable to enter into future collaboration arrangements or if any such collaborations with third parties are unsuccessful, we may be unable to fully develop and commercialize certain product candidates and our business will be adversely affected. " If we fail to effectively enforce our proprietary rights against others, our business will be harmed and the price of our securities could fall. ~~38If~~ **If** the efforts of our partners or future partners to protect the proprietary nature of the intellectual property related to collaboration assets are not adequate, the future commercialization of any medicines resulting from collaborations could be negatively impacted, which would materially harm our business and could cause the price of our securities to fall. The risks identified in the two preceding risk factors may also apply to the intellectual property protection efforts of our partners or future partners and to GSK with respect to TRELEGY in which we maintain the Ongoing Economic Interest. To the extent the intellectual property protection of any partnered assets is successfully challenged or encounters problems with the US Patent and Trademark Office or other comparable agencies throughout the world, the future commercialization of these potential medicines could no longer be economically feasible. Any challenge to the intellectual property protection of a late- stage development or commercial- stage asset, particularly those of TRELEGY, could harm our business and cause the price of our securities to fall. ~~Product~~ **37Product** liability and other lawsuits could divert our resources, result in substantial liabilities and reduce the commercial potential of our medicines. The risk that we may be sued on product liability claims is inherent in the development and commercialization of pharmaceutical products. Side effects of, or manufacturing defects in, products that we or our partners develop or commercialize could result in the deterioration of a patient' s condition, injury or even death. Once a product is approved for sale and commercialized, the likelihood of product liability lawsuits tends to increase. Claims may be brought by individuals seeking relief for themselves or by individuals or groups seeking to represent a class, asserting injuries based both on potential adverse effects described in the

label as well as adverse events not yet observed. We also face an inherent risk of product liability exposure related to the testing of our product candidates in human clinical trials. In addition, changes in laws outside the US are expanding our potential liability for injuries that occur during clinical trials. Product liability claims could harm our reputation, regardless of the merit or ultimate success of the claim, which may adversely affect our and our partners' ability to commercialize our products and cause the price of our securities to fall. These lawsuits may divert our management from pursuing our business strategy and may be costly to defend. In addition, if we are held liable in any of these lawsuits, we may incur substantial liabilities and may be forced to limit or forgo further commercialization of the applicable products. Although we maintain general liability and product liability insurance, this insurance may not fully cover potential liabilities and we cannot be sure that our insurer will not disclaim coverage as to a future claim. In addition, inability to obtain or maintain sufficient insurance coverage at an acceptable cost or to otherwise protect against potential product liability claims could prevent or inhibit the commercial production and sale of our products, which could adversely affect our business. We may also be required to prosecute or defend general commercial, intellectual property, securities and other lawsuits. Litigation typically involves substantial expenses and diverts substantial employee resources from our business. The cost of defending any product liability litigation or engaging in any other legal proceeding, even if resolved in our favor, could be substantial and uncertainties resulting from the initiation and continuation of the litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace and achieve our business goals. If we fail to comply with data protection laws and regulations, we could be subject to government enforcement actions (which could include civil or criminal penalties), private litigation and / or adverse publicity, which could negatively affect our operating results and business. We are subject to data protection laws and regulations (i. e., laws and regulations that address privacy and data security). In the US, numerous federal and state laws **,** and regulations, including state data breach notification laws, state health information and / or genetic privacy laws, and federal and state consumer protection laws (e. g., Section 5 of the FTC Act), govern the collection, use, disclosure, and protection of health related and other personal information. In California, the California Consumer Privacy Act (" CCPA ") establishes certain requirements for data use and sharing transparency, and provides California residents certain rights concerning the use, disclosure, and retention of their personal data. The California Privacy Rights Act (" CPRA ") currently in effect, significantly amends the CCPA. Virginia, Colorado, Utah, **Indiana, Iowa, Tennessee, Montana, Texas,** and Connecticut have enacted privacy laws similar to the CCPA that impose new obligations or limitations in areas affecting our business. These laws and regulations are evolving and subject to interpretation and ~~39may~~ -- **may** impose limitations on our activities or otherwise adversely affect our business. The obligations to comply with the CCPA and evolving legislation involve, among other things, updates to our notices and the development of new processes internally and with our partners. We may be subject to fines, penalties, or private actions in the event of non-compliance with such laws. In addition, we may obtain health information from third parties (e. g., healthcare providers who prescribe our products) that are subject to privacy and security requirements under the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act, and their implementing regulations, (collectively, " HIPAA "). HIPAA imposes privacy and security obligations on covered entity health care providers, health plans, and health care clearinghouses, as well as their " business associates " — certain persons or entities that create, receive, maintain, or transmit protected health information in connection with providing a specified service or performing a function on behalf of a covered entity. Although we are not directly subject to HIPAA, we could be ~~subject~~ **38subject** to criminal penalties if we knowingly receive individually identifiable health information maintained by a HIPAA covered entity in a manner that is not authorized or permitted by HIPAA. Further at the federal level, the Federal Trade Commission (" FTC ") also sets expectations for failing to take appropriate steps to keep consumers' personal information secure, or failing to provide a level of security commensurate to promises made to individual about the security of their personal information (such as in a privacy notice) may constitute unfair or deceptive acts or practices in violation of Section 5 (a) of the Federal Trade Commission Act (" FTC Act "). The FTC expects a company' s data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards. With respect to privacy, the FTC also sets expectations that companies honor the privacy promises made to individuals about how the company handles consumers' personal information; any failure to honor promises, such as the statements made in a privacy policy or on a website, may also constitute unfair or deceptive acts or practices in violation of the FTC Act. While we do not intend to engage in unfair or deceptive acts or practices, the FTC has the power to enforce promises as it interprets them, and events that we cannot fully control, such as data breaches, may be result in FTC enforcement. Enforcement by the FTC under the FTC Act can result in civil penalties or enforcement actions. EU Member States and other jurisdictions where we operate **, such as Switzerland and the UK,** have adopted data protection laws and regulations, which impose significant compliance obligations. For example, the General Data Protection Regulation (" GDPR "), imposes strict obligations and restrictions on the ability to collect, analyze ~~and~~ **, use, store, disclose.** transfer **or otherwise process** personal data, including health data from clinical trials **subjects** and adverse event reporting. Switzerland has adopted laws that impose restrictions and obligations similar to the GDPR. The ~~obligations and restrictions under the~~ GDPR and Switzerland' s **data protection** laws ~~concern~~ **impose a broad range of requirements and obligations relating to the processing and protection of personal data** , ~~in particular,~~ **including obligations to having legal bases for processing personal data (which may result** in some instances **in obtaining** the consent of the individuals to whom the personal data relate **)** . **providing detailed information about** the processing **activities** ~~details disclosed~~ to the individuals, ~~the~~ **dealing with restrictions on** sharing of personal data with third parties **and** ~~, the transfer~~ **transferring** ~~of~~ personal data out of the European Economic Area (" EEA ") or Switzerland, **having** contracting ~~requirements~~ **arrangements in place where required** (such as with clinical trial sites and vendors), **notifying** ~~and security breach notifications, as well as substantial potential fines,~~ in **certain instances personal data** ~~some cases up to 4 % of annual global turnover, for~~ breaches **to** ~~of the~~ data protection ~~obligations~~ **authorities and / or affected**

individuals, appointing data protection officers, conducting data protection impact assessments, responding to privacy rights requests and keeping records of processing activities. . Data protection authorities from the different EU Member States and the EEA may interpret the GDPR and applicable related national laws differently which could effectively result in requirements additional to those currently understood to apply under the GDPR. In addition, guidance on implementation and compliance practices may be updated or otherwise revised, which adds to the complexity of processing personal data in the EU. When processing personal data of subjects in the EU, we have to comply with applicable data protection and electronic communications laws. In particular, as we rely on service providers processing personal data of **data** subjects in the EU, we have to enter into suitable contract terms with such providers and receive sufficient guarantees that such providers meet the requirements of the applicable data protection laws, particularly the GDPR which imposes specific and relevant obligations. Enforcement by EU and UK regulators is active, and failure to comply with the GDPR or applicable Member State law may result in substantial fines. ~~Legal mechanisms~~ **The GDPR increases substantially the penalties** to ~~allow~~ **which we could be subject in the event of any non- compliance, including fines of up to 10, 000, 000 Euros or up to 2 % of our total worldwide annual turnover** for **certain comparatively minor offenses, or up to 20, 000, 000 Euros or up to 4 % of our total worldwide annual turnover for more serious offenses. The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with data protection authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of** the **GDPR. With regard to** transfer of **personal data, the GDPR restricts the ability of companies to transfer** personal data from the ~~EEA~~ **EU to the U. S. and other countries, which may incur compliance costs** ~~or~~ **for** ~~UK to the US may~~ **implementing lawful transfer mechanisms, conducting data transfer** impact ~~our ability~~ **assessments, and implementing additional measures where necessary** to **ensure that personal data transferred are adequately protected in a manner essentially equivalent to the EU. The GDPR provides different transfer mechanisms we can use to lawfully** transfer personal data **from** ~~or otherwise may cause us to incur significant costs to do so legally. On July 16, 2020,~~ the **EU to countries outside** ~~European Court of Justice ruled that~~ the ~~Privacy Shield~~ **EU. An example** is ~~an invalid data transfer mechanism and confirmed that the Standard Contractual Clauses remain valid. If companies are~~ relying on the **EU** Standard Contractual Clauses as **approved** ~~their transfer mechanism to transfer personal information from the EEA to the US (or to other jurisdictions not recognized as 40adequate~~ by the **European Commission in June 2021. Compliance with** EU ~~), they must be incorporated into new and existing agreements within prescribed timeframes. The UK adopted versions of their own SCCs. Updating agreements to incorporate these new SCCs for the EEA and UK may require significant time and resources to implement, including through adjusting our operations, conducting requisite~~ data transfer ~~assessments,~~ **obligations can be costly** and ~~revising our contracts~~ **time- consuming** . **Data importers must also expend resources in analyzing** ~~Companies that have not taken steps to demonstrate that~~ their ~~SCCs~~ **ability to comply with transfer obligations, including implementing new safeguards** ~~and~~ **39and controls to further protect** personal data ~~recipients in the US or other non- adequate jurisdictions are suitable to receive the personal data may be subject to enforcement actions by competent authorities in the EU for failure to comply with related data privacy rules. Additionally, the European Commission adopted a draft adequacy decision for the EU- US Data Privacy Framework, which reflects the assessment by the European Commission of the US legal framework. The draft decision concludes that the United States ensures an adequate level of protection for personal data transferred from the EU to US companies. After an approval process, the European Commission is expected to adopt the final adequacy decision, which will allow data to flow freely from the EU to the US~~ . If we or our vendors fail to comply with applicable data privacy laws concerning, or if the legal mechanisms we or our vendors rely upon to allow, the transfer of personal data from the EEA or Switzerland to the US (or other countries not considered by the European Commission to provide an adequate level of data protection) are not considered adequate, we could be subject to government enforcement actions, including an order to stop transferring the personal data outside of the EEA and significant penalties against us. Moreover, our business could be adversely impacted if our ability to transfer personal data out of the EEA **, the UK** or Switzerland to the US is restricted, which could adversely impact our operating results. Failure to comply with data protection laws and regulations could result in unfavorable outcomes, including increased compliance costs, delays or impediments in the development of new products, increased operating costs, diversion of management time and attention, government enforcement actions and create liability for us (which could include civil, administrative, and / or criminal penalties), private litigation and / or adverse publicity that could negatively affect our operating results and business. Changes in healthcare law and implementing regulations, including government restrictions on pricing and reimbursement, as well as healthcare policy and other healthcare payor cost- containment initiatives, may negatively impact us, our collaboration partners, or those commercializing products with respect to which we have an economic interest or right to receive royalties. The continuing efforts of the government, insurance companies, managed care organizations and other payors of health care costs to contain or reduce costs of health care may adversely affect us, our collaboration partners, or those commercializing products with respect to which we have an economic interest or right to receive royalties in regard to one or more of the following: ● the ability to set and collect a price believed to be reasonable for products; ● the ability to generate revenues and achieve profitability; and ● the availability of capital. The pricing and reimbursement environment for products may change in the future and become more challenging due to, among other reasons, policies advanced by the presidential administration, federal agencies, new healthcare legislation passed by Congress or fiscal challenges faced by all levels of government health administration authorities. Among policy makers and payors in the US and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality **,** and expanding access to healthcare. In the US, the pharmaceutical industry has been a particular focus of these efforts and has been and may in the future be significantly affected by major regulatory or legislative initiatives, including those related to pricing of or reimbursement for prescription drugs. We expect we, our collaboration partners **,** or those commercializing products with respect to which we have an economic interest or right to receive royalties may experience pricing pressures in connection with the sale of drug products, due to the trend toward

managed healthcare, the increasing influence of health maintenance organizations and additional legislative enactments and administrative policies. ~~41The~~ -- **The** Patient Protection and Affordable Care Act, as amended (the " Healthcare Reform Act "), contains a number of provisions that impact our business and operations, including those governing enrollment in federal healthcare programs, reimbursement changes, benefits for patients within a coverage gap in the Medicare Part D prescription drug program (commonly known as the " donut hole "; the coverage gap ~~has been~~ **will be** eliminated effective 2025 under the Inflation Reduction Act ~~(IRA)~~ **and will be replaced with a new manufacturer discount program**), rules regarding prescription drug benefits under the health insurance exchanges, changes to the Medicare Drug Rebate program, expansion of the Public Health Service Act' s 340B drug pricing program, fraud and abuse and enforcement. These changes have impacted previously existing government healthcare programs and have resulted in the development of new programs, including Medicare payment for performance initiatives and improvements to the physician quality reporting system and feedback program. Certain provisions of the Healthcare Reform Act have been subject to judicial challenges as well as efforts to modify them or to alter their interpretation or implementation and additional legislative changes to and regulatory ~~changes~~ **40changes** under the Healthcare Reform Act remain possible, but the nature and extent of such potential additional changes are uncertain at this time. We expect that the Healthcare Reform Act, its implementation, efforts to modify, or invalidate the Healthcare Reform Act, or portions thereof, or its implementation, and other healthcare reform measures including those that may be adopted in the future, could have a material adverse effect on our industry generally and on the ability of us, our collaboration partners, or those commercializing products with respect to which we have an economic interest or right to receive royalties to maintain or increase sales of existing products or to successfully commercialize product candidates, if approved. The Bipartisan Budget Act of 2018, among other things, amended the Healthcare Reform Act to increase the point- of- sale discounts that manufacturers must agree to offer under the Medicare Part D coverage discount program from 50 % to 70 % off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer' s outpatient drugs to be covered under Medicare Part D. Civil monetary penalties can be applied if a manufacturer fails to provide these discounts in the amount of 125 percent of the discount that was due (the coverage gap has been eliminated effective 2025 under the ~~IRA~~ **Inflation Reduction Act**). The Budget Control Act of 2011, among other things, and in concert with subsequent legislation, has resulted in aggregate reductions to Medicare payments to providers of, on average, 2 % per fiscal year through 2031. Sequestration is currently set at 2 % and will increase to 2. 25 % for the first half of fiscal year 2030, to 3 % for the second half of fiscal year 2030, and to 4 % for the remainder of the sequestration period that lasts through the first six months of fiscal year 2031. As long as these cuts remain in effect, they could adversely impact payment for any products that are reimbursed under Medicare. On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (the " IRA "). The IRA sunsets the coverage gap discount program starting in 2025 and replaces it with a new manufacturer discount program and establishes Part B and Part D inflation rebates. The IRA also creates a Drug Price Negotiation Program under which the prices for Medicare units of certain high Medicare spend drugs and biologics without generic or biosimilar competition will be capped by reference to, among other things, a specified non- federal average manufacturer price, with negotiated prices set to take effect starting in 2026. Failure to comply with requirements under the drug price negotiation program is subject to an excise tax and / or a civil monetary penalty. Whether any of our products are selected for negotiation for a given year will depend on whether they are at least 7 years post- approval / licensure; whether they meet any of the exclusions from eligibility for selection for negotiation, such as the exclusion of certain orphan drugs; their expenditures under Medicare Part B or Part D during a statutorily specified period; and whether a generic of the product has been determined to have come to market. ~~At least one of our pipeline products, ampreloxetine~~ **Ampreloxetine** ~~, could receive~~ **received** an ~~orphan~~ **Orphan** ~~drug~~ **Drug** ~~designation~~ **Designation status from the FDA** , which ~~could~~ **should** mean it will not be selected for negotiation ~~. Our~~ **; however, our** understanding of whether and when our products are likely to be subject to selection for negotiation could evolve as the Drug Price Negotiation Program is implemented. These or any other legislative change could impact the market conditions for our products. We further expect continued scrutiny on pricing from Congress, agencies, and other bodies with respect to drug pricing. Individual states in the US have also increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement limitations, marketing cost disclosure and transparency measures, and, in some cases, measures designed to encourage importation from other countries and bulk purchasing. For example, California has enacted a prescription drug price transparency law requiring prescription drug manufacturers to provide advance notice and explanation for price increases of certain drugs with ~~42prices~~ -- **prices** that exceed a specified threshold, and to report new prescription drugs introduced to the market at a wholesale acquisition cost exceeding the Medicare Part D specialty drug threshold **. Additionally, some individual states have begun establishing Prescription Drug Affordability Boards (or similar entities) to review high- cost drugs and, in some cases, set upper payment limits** . We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for product or additional pricing pressures for our collaboration partners, or those commercializing products with respect to which we have an economic interest or right to receive royalties, which could impact our revenues. ~~If~~ **41If** we failed to comply with our reporting and payment obligations under the Medicaid Drug Rebate program or other governmental pricing programs, we could be subject to additional reimbursement requirements, penalties, sanctions and fines, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Prior to the sale of VIBATIV to Cumberland Pharmaceuticals Inc. (" Cumberland ") in November 2018, we had certain price reporting obligations to the Medicaid Drug Rebate program and other governmental pricing programs, and we had obligations to report average sales price under the Medicare program. Following the consummation of the transaction with Cumberland, our price reporting obligations related to VIBATIV have been transitioned to Cumberland, and price reporting obligations for YUPELRI reside with Viatris. We retain certain obligations with respect to record retention for these programs. These programs included the

following: ● The Medicaid Drug Rebate program, under which a manufacturer is required to pay a rebate based on reported pricing data to each state Medicaid program for its covered outpatient drugs that are dispensed to Medicaid beneficiaries and paid for by a state Medicaid program as a condition of having federal funds made available to the states for the manufacturer' s drugs under Medicaid and Medicare Part B. ● The 340B Program, in which manufacturers must participate in order for federal funds to be available for the manufacturer' s drugs under Medicaid and Medicare Part B. The 340B program requires participating manufacturers to agree to charge no more than the 340B " ceiling price " for the manufacturer' s covered outpatient drugs to certain entities, and that price is calculated based on the information reported under the Medicaid Drug Rebate program. ● Reporting of average sales price, which manufacturers report for certain categories of drugs that are paid under the Medicare Part B program to CMS on a quarterly basis and which CMS **may** ~~uses~~ **use** in determining payment rates for drugs under Medicare Part B. A manufacturer that becomes aware that its Medicaid reporting for a prior quarter was incorrect, or has changed as a result of recalculation of the pricing data, is obligated to resubmit the corrected data for up to three years after those data originally were due. Such restatements and recalculations increase the costs for complying with the laws and regulations governing the Medicaid Drug Rebate program and could result in an overage or underage in our rebate liability for past quarters. Price recalculations also may affect the 340B ceiling price and the average sales price. Manufacturers may need to make additional restatements beyond the three- year period. We may be liable for errors associated with our submission of pricing data for VIBATIV for historic periods, and we may retain some liability for price reporting by Cumberland for VIBATIV sold under our labeler code. In addition to retroactive rebates and the potential for 340B program refunds, if we are found to have knowingly submitted any false price information to the government, we may be liable for significant civil monetary penalties per item of false information. If we are found to have made a misrepresentation in the reporting of our average sales price, the Medicare statute provides for significant civil monetary penalties for each misrepresentation for each day in which the misrepresentation was applied. If we are found to have charged 340B covered entities more than the statutorily mandated ceiling price, we could be subject to significant civil monetary penalties and / or such failure also could be grounds for HRSA to terminate a manufacturer' s agreement to participate in the 340B program, in which case covered outpatient drugs under our labeler code may no longer be eligible for federal payment under the Medicaid or Medicare Part B program. If we are found to have not submitted required price data on a timely basis, that could result in a significant civil monetary penalty per day for each day the information is late beyond the due date. ~~43In~~ **In** order to be eligible to have its products paid for with federal funds under the Medicaid and Medicare Part B programs and purchased by the Department of Veterans Affairs (" VA "), Department of Defense (" DoD "), Public Health Service, and Coast Guard (the " Big Four agencies ") and certain federal grantees, a manufacturer is required to list its innovator products on a VA Federal Supply Schedule (" FSS ") contract and charge a price to the Big Four agencies that is no higher than the Federal Ceiling Price (" FCP "), which is a price calculated pursuant to a statutory formula. In addition, manufactures must submit to the VA quarterly and annual " non- federal average manufacturer price " (" Non- FAMP ") calculations for each NDC- 11 of their innovator drugs. Under Section 703 of the National Defense ~~Authorization~~ **42Authorization** Act for FY 2008, the manufacturer is required to pay quarterly rebates to DoD on utilization of its innovator products that are dispensed through DoD' s Tricare network pharmacies to Tricare beneficiaries. Individual states in the US, as noted, have also passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including **establishing Prescription Drug Affordability Boards (or similar entities) to review high- cost drugs and, in some cases, set upper payment limits and implementing** marketing cost disclosure and transparency measures. Some states require the submission of reports related to pricing information, including based on the introduction of new prescription drugs, certain increases in wholesale acquisition cost of prescription drugs, marketing of prescription drugs within the state, and sales of prescription drugs in or into the state. Some states may pursue available enforcement measures, including imposition of civil monetary penalties, for a manufacturer' s failure to report such information **. The coverage and reimbursement status of new or current products is uncertain. Failure to obtain or maintain adequate coverage and reimbursement for new or current products could limit our ability to market those products and decrease our ability to generate revenue. Market acceptance and sales of any one or more of our product candidates will depend on reimbursement policies and may be affected by future healthcare reform measures in the US. Government authorities and third- party payers, such as private health insurers and health maintenance organizations, decide which drugs they will cover and establish payment levels. We cannot be certain that reimbursement will be available for any commercialized products. Also, we cannot be certain that reimbursement policies will not reduce the demand for, or the price paid for, our products. If reimbursement is not available or is available on a limited basis, we may not be able to successfully commercialize any product candidates that we develop. The pricing, coverage and reimbursement of our product candidates, if commercialized, must be adequate to support our commercial infrastructure. Our per- patient prices must be sufficient to recover our development and manufacturing costs and potentially achieve profitability. However, sales of any pharmaceutical product depend, in part, on the extent to which such product will be covered by third- party payors, such as federal, state, and foreign government healthcare programs, commercial insurance and managed healthcare organizations, and the level of reimbursement for such product by third- party payors. Decisions regarding the extent of coverage and amount of reimbursement to be provided are made on a plan- by- plan basis. One third- party payor' s decision to cover a product does not ensure that other payors will also provide coverage for the product. As a result, we do not have assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. In addition, third- party payors are increasingly reducing reimbursements for pharmaceutical products and services. The US government and state legislatures have continued implementing cost- containment programs, including price controls, restrictions on coverage and reimbursement, and requirements for substitution of generic products. Third- party payors are increasingly challenging the prices charged, examining the medical necessity, and reviewing the cost effectiveness of**

pharmaceutical products, in addition to questioning their safety and efficacy. Increasingly, third- party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Further, such payors are increasingly challenging the price, examining the medical necessity and reviewing the cost effectiveness of medical product candidates. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit or delay sales of any of our future products. A decision by a third- party payor not to cover a product could reduce physician ordering and patient demand for any of our future products . Our relationships with customers and third- party payors are subject to applicable anti- kickback, fraud and abuse, transparency and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, exclusion, contractual damages, reputational harm and diminished profits and future earnings. Healthcare providers, physicians, distributors **,** and third- party payors play a primary role in the distribution, recommendation **,** and prescription of any pharmaceutical product for which we obtain marketing approval. Our arrangements with third- party payors and customers expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements through which we market, sell ~~and~~ **43and** distribute any products for which we have obtained or may obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations include the following: ● The US federal healthcare Anti- Kickback Statute prohibits any person from, among other things, knowingly and willfully offering, paying, soliciting, or receiving remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchasing, leasing, ordering or arranging for or recommending of any good or service for which payment may be made, in whole or in part, under federal and state healthcare programs such as Medicare and Medicaid. The term " remuneration " has been broadly interpreted to include anything of value. The Anti- Kickback Statute is subject to evolving interpretation and has been applied by government enforcement officials to a number of common business arrangements in the pharmaceutical industry. The government can establish a violation of the Anti- Kickback Statute without proving that a person or entity had actual knowledge of the statute or specific intent to violate it. There are a number of statutory exemptions and regulatory safe harbors protecting some common activities from prosecution; however, those exceptions and safe harbors are drawn narrowly. Failure to meet all of the requirements of a particular statutory exception or regulatory safe harbor does not make the conduct per se illegal under the Anti- Kickback Statute, but the legality of the arrangement will be evaluated on a case- by- case basis based on the totality of the facts and circumstances. We seek to comply with the available statutory exemptions and safe harbors whenever possible, but our practices may not in all cases meet all of the criteria for safe harbor protection from anti- kickback liability. Moreover, there are no safe harbors for many common practices, such as educational and research grants or patient or product assistance programs. ● The federal civil False Claims Act prohibits, among other things, knowingly presenting, or causing to be presented, claims for payment of government funds that are false or fraudulent, or knowingly making, or using or causing to be made or used, a false record or statement material to a false or fraudulent claim to avoid, decrease, or conceal an obligation to pay money to the federal government. Private individuals, commonly known as " whistleblowers, " can bring civil False Claims Act qui tam actions, on behalf of the government and such individuals and may share in amounts paid by the entity to the government in recovery or settlement. In recent years, several pharmaceutical and other healthcare companies have faced enforcement actions under the federal False Claims Act for, among other things, allegedly submitting false ~~44or~~ **or** misleading pricing information to government health care programs and providing free product to customers with the expectation that the customers would bill federal programs for the product. Federal enforcement agencies also have showed increased interest in pharmaceutical companies' product and patient assistance programs, including reimbursement and co- pay support services, and a number of investigations into these programs have resulted in significant civil and criminal settlements. Other companies have faced enforcement actions for causing false claims to be submitted because of the companies' marketing the product for unapproved, and thus non- reimbursable, uses. In addition, a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal civil False Claims Act. False Claims Act liability is potentially significant in the healthcare industry because the statute provides for treble damages and significant mandatory penalties per false claim or statement for violations. Because of the potential for large monetary exposure, healthcare and pharmaceutical companies often resolve allegations without admissions of liability for significant and material amounts to avoid the uncertainty of treble damages and per claim penalties that may be awarded in litigation proceedings. As part of these resolutions, Companies may enter into corporate integrity agreements with the government, which may impose substantial costs on companies to ensure compliance. Criminal penalties, including imprisonment and criminal fines, are also possible for making or presenting a false, fictitious or fraudulent claim to the federal government. ● HIPAA, among other things, imposes criminal and civil liability for knowingly and willfully executing a scheme to defraud any healthcare benefit program, including private third- party payors, and also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information. HIPAA also prohibits knowingly and willfully falsifying, concealing **,** or covering up a material fact or making any materially false, fictitious or fraudulent statement or representation, or making or using any false writing or document knowing the same to contain ~~any~~ **44any** materially false fictitious or fraudulent statement or entry in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal healthcare Anti- Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation. ● The federal Physician Payment Sunshine Act, implemented as the Open Payments Program, requires certain manufacturers of drugs, devices, biologics, and medical supplies for which payment is available under Medicare, Medicaid or the Children' s Health Insurance Program (with certain exceptions) to report annually to the US Department of Health and Human Services, Centers for Medicare and Medicaid Services, information related to payments and other transfers of value, directly or indirectly, to physicians (defined to include doctors, dentists, optometrists, podiatrists, and chiropractors) and teaching hospitals, as well as ownership and investment interests held

by physicians and their immediate family members. Beginning in 2022, applicable manufacturers also will be required to report information regarding payments and transfers of value provided to physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, and certified nurse- midwives. A manufacturer' s failure to submit timely, accurately **,** and completely the required information for all payments, transfers of value or ownership or investment interests may result in civil monetary penalties. ● Analogous state laws and regulations, such as state anti- kickback and false claims laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by any third- party payors, including private insurers or patients. Several states also require pharmaceutical companies to report expenses relating to the marketing and promotion of pharmaceutical products in those states and to report gifts and payments to individual health care providers in those states. Some of these states also prohibit certain marketing- related activities, including the provision of gifts, meals, or other items to certain health care providers, and restrict the ability of manufacturers to offer co- pay support to patients for certain prescription drugs. Some states require the posting of information relating to clinical studies and their outcomes. Some states and cities require identification or licensing of sales representatives. In addition, several states require pharmaceutical companies to implement compliance programs or marketing codes. ~~45~~ ● Similar restrictions are imposed on the promotion and marketing of medicinal products in the EU Member States and other countries, including restrictions prohibiting the promotion of a compound prior to its approval. Laws (including those governing promotion, marketing and anti- kickback provisions), industry regulations and professional codes of conduct often are strictly enforced. Even in those countries where we may decide not to directly promote or market our products, inappropriate activity by our international distribution partners could have implications for us. The shifting commercial compliance environment and the need to build and maintain robust and expandable systems to comply with different compliance or reporting requirements in multiple jurisdictions increase the possibility that we or our partners may fail to comply fully with one or more of these requirements. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations may involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with applicable fraud and abuse or other healthcare laws and regulations or guidance. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, exclusion from government funded healthcare programs, such as Medicare and Medicaid in the US and similar programs outside the US, contractual damages, diminished profits and future earnings, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our financial results. If any of the physicians or other providers or entities with whom we do or expect to do business are found to not be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs. Even if we are not determined to have violated these laws, government investigations into these issues typically require the expenditure of significant resources and generate negative publicity, which could harm our financial condition and divert resources and the attention of our management from operating our business. ~~Our~~ **45Our** business and operations, including the use of hazardous and biological materials may result in liabilities with respect to environmental, health and safety matters. Our **drug** ~~research and~~ development activities involve the controlled use of potentially hazardous substances, including chemical, biological **,** and radioactive materials. In addition, our operations produce hazardous waste products, including hazardous waste. Federal, state **,** and local laws and regulations govern the use, manufacture, management, storage, handling and disposal of hazardous materials and wastes. We may incur significant additional costs or liabilities to comply with, or for violations of, these and other applicable laws in the future. Also, even if we are in compliance with applicable laws, we cannot completely eliminate the risk of contamination or injury resulting from hazardous materials and we may incur liability as a result of any such contamination or injury. Further, in the event of a release of or exposure to hazardous materials, including at the sites we currently or formerly operate or at sites such as landfills where we send wastes for disposal, we could be held liable for cleanup costs or damages or subject to other costs or penalties and such liability could exceed our resources. We do not have any insurance for liabilities arising from hazardous materials or under environmental laws. Compliance with or liability under applicable environmental laws and regulations or with respect to hazardous materials may be expensive, and current or future environmental regulations may impair our ~~research,~~ development and production efforts, which could harm our business, which could cause the price of our securities to fall. RISKS RELATING TO OUR ORDINARY SHARES The market price for our shares has and may continue to fluctuate widely and may result in substantial losses for purchasers of our ordinary shares. The market price for our shares has fluctuated and may continue to fluctuate and may result in substantial losses for purchasers of our ordinary shares. For example, in the year ended December 31, ~~2022~~ **2023** , the last reported sales price of our ordinary shares on Nasdaq fluctuated between a low of $ 8. ~~33~~ **38** per share and a high of $ ~~12~~ **11** . ~~96~~ **92** per share. To the extent that low trading volumes for our ordinary shares continues, our stock price may fluctuate significantly more than the stock market as a whole or the stock prices of similar companies. Without a larger public float of actively traded shares, our ordinary shares are likely to be more sensitive to changes in sales volumes, market fluctuations and events or perceived events with respect to our business, than the shares of common stock of companies with broader public ownership, and as a result, the trading prices for our ordinary shares may be more volatile. Among other things, trading ~~46of~~ **of** a relatively small volume of ordinary shares may have a greater effect on the trading price than would be the case if our public float of actively traded shares were larger. In addition, as further described below under the risk factor entitled " — Concentration of ownership will limit your ability to influence corporate matters, " a number of shareholders hold large concentrations of our shares which, if sold to third parties within a relatively short timeframe, could cause the price of our shares to drop significantly. Market prices for securities of biotechnology and biopharmaceutical companies have been highly volatile, and we expect such volatility to continue for the foreseeable future, so that investment in our ordinary shares involves substantial risk. Additionally, the stock market from time to time has experienced significant price and volume fluctuations unrelated to the operating performance of particular companies. The following are some of the factors that may have a

significant effect on the market price of our ordinary shares: ● any adverse developments or results or perceived adverse developments or results with respect to YUPELRI, including without limitation, lower than expected sales of YUPELRI, difficulties or delays encountered with regard to the FDA or other regulatory authorities in this program or any indication from clinical or non- clinical studies that YUPELRI is not safe or efficacious; ● any adverse developments or results or perceived adverse developments or results with respect to TRELEGY; ● any adverse developments or results or perceived adverse developments or results with respect to our clinical development programs, including, without limitation, any delays in development in these programs, any halting of development in these programs, any difficulties or delays encountered with regard ~~to~~ **46to** the FDA or other regulatory authorities in these programs ~~(including any class- based risks that emerge as a FDA or other regulatory agency focus)~~ , or any indication from clinical or non- clinical studies that the compounds in such programs are not safe or efficacious; ● any announcements of developments with, or comments by, the FDA or other regulatory authorities with respect to products we or our partners have under development, are manufacturing or have commercialized; ● any adverse developments or disagreements or perceived adverse developments or disagreements with respect to our relationship with Royalty Pharma, or the relationship of Royalty Pharma and GSK; ● any adverse developments or perceived adverse developments with respect to our relationship with any of our research, development **,** or commercialization partners, including, without limitation, disagreements that may arise between us and any of those partners; ● any adverse developments or perceived adverse developments in our programs with respect to partnering efforts or otherwise; ● announcements of patent issuances or denials, technological innovations or new commercial products by us or our competitors; ● publicity regarding actual or potential study results or the outcome of regulatory review relating to products under development by us, our partners **,** or our competitors; ● regulatory developments in the US and foreign countries; ● announcements with respect to governmental or private insurer reimbursement policies; ● announcements of equity or debt financings; ~~47~~ ● possible impairment charges on non- marketable equity securities; ● economic and other external factors beyond our control, such as the COVID- 19 pandemic and fluctuations in interest rates; ● loss of key personnel; ● likelihood of our ordinary shares to be more sensitive to changes in sales volume, market fluctuations and events or perceived events with respect to our business due to our small public float; ● low public market trading volumes for our ordinary shares; ● the sale of large concentrations of our shares to third parties, which may be more likely to occur due to the concentration of ownership of our shares, such as what we experienced when our **then-** largest shareholder ~~, Woodford Investment Management Limited,~~ divested its holdings in 2019; ● developments or disputes as to patent or other proprietary rights; ● approval or introduction of competing products and technologies; ● results of clinical trials; ● failures or unexpected delays in timelines for our potential products in development, including the obtaining of regulatory approvals; **47** ● delays in manufacturing adversely affecting clinical or commercial operations; ● fluctuations in our operating results; ● market reaction to announcements by other biotechnology or pharmaceutical companies; ● initiation, termination **,** or modification of agreements with our collaborators or disputes or disagreements with collaborators; ● litigation or the threat of litigation; ● public concern as to the safety of product candidates or medicines developed by us; and ● comments and expectations of results made by securities analysts or investors. If any of these factors causes us to fail to meet the expectations of securities analysts or investors, or if adverse conditions prevail or are perceived to prevail with respect to our business, the price of the ordinary shares would likely drop significantly. For example, our stock price dropped significantly when we announced that izencitinib did not meet its primary endpoint in our Phase 2b / 3 induction and maintenance study of izencitinib in ulcerative colitis. In addition, though none has been filed to our knowledge, a significant drop in the price of a company' s securities often leads to the filing of securities class action litigation against the company. This type of litigation against us could result in substantial costs and a diversion of management' s attention and resources. Activist shareholders could negatively impact our business and cause disruptions. We value constructive input from investors and regularly engage in dialogue with our shareholders regarding strategy and performance. While our board of directors and management team welcome their views and opinions with the goal of enhancing value for all shareholders, we may be subject to actions or proposals from activist shareholders that may not align with our business strategies or the best interests of all of our shareholders. ~~48For~~ -- **For** example, ~~on~~ **in** February ~~27,~~ 2023, Irenic Capital Management LP **(" Irenic ")** released a public letter communicating its opinions regarding actions that it believes we should take and made public statements critical of our board of directors and management. Irenic may continue to make and / or other activist shareholders may make such public communications in the future. In the event of such shareholder activism – particularly with respect to matters which our board of directors, in exercising their fiduciary duties, disagree with or have determined not to pursue – our business could be adversely affected because responding to such actions by activist shareholders can be costly and time- consuming, disruptive to our operations and divert the attention of management, our board of directors and our employees, and our ability to execute our strategic plan could also be impaired as a result. Such an activist campaign could require us to incur substantial legal, public relations and other advisory fees and proxy solicitation expenses. Further, we may become subject to, or we may initiate, litigation as a result of proposals by activist shareholders or matters relating thereto, which could be a further distraction to our board of directors and management and could require us to incur significant additional costs. In addition, perceived uncertainties as to our future direction, strategy, or leadership created as a consequence of activist shareholders may result in the loss of potential business opportunities, harm our ability to attract new or retain existing investors, customers, directors, employees, collaborators or other partners, harm or impair our ability to accrue patients to clinical trials because of concerns the study may be disrupted, disrupt relationships with **us** ~~the Company~~ , and the market price of our ordinary shares could also experience periods of increased volatility as a result. Concentration of ownership will limit your ability to influence corporate matters. Based solely on our review of publicly available filings, as of December 31, ~~2022~~ **2023** , our three largest shareholders collectively owned ~~42~~ **45** . ~~8~~ **5** % of our outstanding ordinary shares. These shareholders could control the outcome of actions taken by us that require shareholder approval, including a transaction in which shareholders might receive a premium over the prevailing market price for their shares. ~~The beneficial ownership percentage of any of our shareholders would increase if they~~

~~do not participate in our ongoing open market purchase program. Certain~~ **48Certain** provisions in our constitutional and other documents may discourage our acquisition by a third- party, which could limit your opportunity to sell shares at a premium. Our constitutional documents include provisions that could limit the ability of others to acquire control of us, modify our structure or cause us to engage in change- of- control transactions, including, among other things, provisions that: ● require supermajority shareholder voting to effect certain amendments to our amended and restated memorandum and articles of association; ● ~~establish~~ **maintain** a classified board of directors **until our annual general meeting in 2026** ; ● restrict our shareholders from calling meetings or acting by written consent in lieu of a meeting; ● limit the ability of our shareholders to propose actions at duly convened meetings; and ● authorize our board of directors, without action by our shareholders, to issue preferred shares and additional ordinary shares. In addition, in May 2018, our shareholders approved a resolution authorizing our board of directors to adopt a shareholder rights plan in the future intended to deter any person from acquiring more than 19. 9 % of our outstanding ordinary shares without the approval of our board of directors. These provisions could have the effect of depriving you of an opportunity to sell your ordinary shares at a premium over prevailing market prices by discouraging third parties from seeking to acquire control of us in a tender offer or similar transaction. ~~49Our~~ -- **Our** shareholders may face difficulties in protecting their interests because we are incorporated under Cayman Islands law. Our corporate affairs are governed by our amended and restated memorandum and articles of association, by the Companies Law (2020 Revision) of the Cayman Islands and by the common law of the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under the laws of the Cayman Islands are different from those under statutes or judicial precedent in existence in jurisdictions in the US. Therefore, you may have more difficulty in protecting your interests than would shareholders of a corporation incorporated in a jurisdiction in the US, due to the different nature of Cayman Islands law in this area. Shareholders of Cayman Islands exempted companies such as our company have no general rights under Cayman Islands law to inspect corporate records and accounts or to obtain copies of lists of shareholders. Our directors have discretion under our amended and restated memorandum and articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest. Our Cayman Islands counsel, Maples and Calder, is not aware of any reported class action having been brought in a Cayman Islands court. Derivative actions have been brought in the Cayman Islands courts, and the Cayman Islands courts have confirmed the availability for such actions. In most cases, the Company will be the proper plaintiff in any claim based on a breach of duty owed to it, and a claim against (for example) our officers or directors usually may not be brought by a shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority and be applied by a court in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which: ● a company is acting, or proposing to act, illegally or beyond the scope of its authority; **49** ● the act complained of, although not beyond the scope of the authority, could be effected if duly authorized by more than the number of votes which have actually been obtained; or ● those who control the company are perpetrating a " fraud on the minority. " A shareholder may have a direct right of action against the company where the individual rights of that shareholder have been infringed or are about to be infringed. There is uncertainty as to shareholders' ability to enforce certain foreign civil liabilities in the Cayman Islands. We are incorporated as an exempted company limited by shares with limited liability under the laws of the Cayman Islands. A material portion of our assets are located outside of the US. As a result, it may be difficult for our shareholders to enforce judgments against us or judgments obtained in US courts predicated upon the civil liability provisions of the federal securities laws of the US or any state of the US. We understand that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against Theravance Biopharma judgments of courts of the US predicated upon the civil liability provisions of the securities laws of the US or any State; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against Theravance Biopharma predicated upon the civil liability provisions of the securities laws of the US or any State, on the grounds that such provisions are penal in nature. However, in the case of laws that are not penal in nature, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the US, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands' judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to **public policy). A Cayman Islands court, including the Grand Court of the Cayman Islands, may stay proceedings if concurrent proceedings are being brought elsewhere, which would delay proceedings and make it more difficult for our shareholders to bring action against us. If securities or industry analysts cease coverage of us or do not publish research, or publish inaccurate or unfavorable research, about our business, the price of our ordinary shares and trading volume could decline. The trading market for our ordinary shares depends in part on the research and reports that securities or industry analysts publish about us or our business. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, the trading price for our ordinary shares could be negatively affected. If one or more of the analysts who cover us downgrade our ordinary shares or publish inaccurate or unfavorable research about our business or if our results fail to meet the expectations of these analysts, the price of our ordinary shares would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our ordinary shares could decrease, which might cause our share price and trading volume to decline. Capital appreciation, if any, of our ordinary shares may be your sole source of gain for the foreseeable future. We have never declared or paid cash dividends on our capital shares.**

Starting in September 2022, we undertook a capital return program of $ 325. 3 million. As of December 31, 2023, we had repurchased $ 324. 9 million of shares, and we repurchased the remaining $ 0. 4 million in the capital return program during January 2024. There is no guarantee that we will implement another capital return program in the future. As a result, capital appreciation, if any, of our ordinary shares may be your sole source of gain for the foreseeable future. We are a smaller reporting company, and any decision on our part to comply only with reduced reporting and disclosure requirements applicable to such companies could make our ordinary shares less attractive to investors. As of June 30, 2023, we qualified as a " smaller reporting company, " as defined in the Exchange Act. For as long as we continue to be a smaller reporting company, we may choose to take advantage of exemptions from various 50