

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023

OR

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

For the transition period from _____ to _____

Commission File Number: 001-41859

CARGO Therapeutics, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

1900 Alameda Las Pulgas, Suite 350

San Mateo, California

(Address of principal executive offices)

84-4080422

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

94403

(Zip Code)

(650) 379-6143

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|----------------------|---|
| Common stock, par value \$0.001 per share | CRGX | Nasdaq Global Select Market |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of December 11, 2023, the registrant had 41,205,142 shares of common stock, \$0.001 par value per share, outstanding.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements concerning our business, operations and financial performance and condition, as well as our plans, objectives and expectations for our business, operations and financial performance and condition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that are in some cases beyond our control and may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify these statements by forward-looking words such as “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “should,” “would” or “will,” the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, include, but are not limited to, statements about:

- the potential for adverse events, undesirable side effects or unexpected characteristics associated with any of our product candidates;
- the timing of achieving our scientific, clinical, manufacturing, regulatory and/or other product development objectives;
- the timing of our planned investigational new drug submissions to the Food and Drug Administration for our product candidates, including CRG-022;
- our expectations regarding the potential market size and size of the potential patient populations for our product candidates and any future product candidates, if approved for commercial use;
- our clinical and regulatory development plans;
- our expectations with regard to the results of our clinical studies, preclinical studies and research and development programs, including the timing and availability of data from such studies;
- the number, size and design of our planned clinical trials, and what regulatory authorities may require to obtain full marketing approval;
- our plans to research, develop and commercialize our product candidates, including CRG-022 and CRG-023;
- the timing of commencement of future nonclinical studies and clinical trials and research and development programs;
- our ability to acquire, discover, develop and advance product candidates into, and successfully complete, clinical trials;
- our ability to obtain designation as a Breakthrough Therapy for one or more of our product candidates;
- a requirement to obtain approval of a companion diagnostic in connection with the approval of any of our product candidates;
- our intentions and our ability to establish collaborations and/or partnerships;
- the discovery of previously unknown or unexpected problems with our product candidates or any future product candidates or with the facilities where such product candidates are or will be manufactured;
- the timing or likelihood of regulatory filings and approvals for our product candidates, including the potential requirement to adopt a Risk Evaluation and Mitigation Strategy;
- our commercialization, marketing and manufacturing, including the buildout of our own manufacturing facility, capabilities and expectations;
- the rate and degree of market acceptance of our product candidates;
- the success of competing products or platform technologies that are or may become available;
- impact from future regulatory, judicial, and legislative changes or developments in the United States and foreign countries;
- our intentions with respect to the commercialization of our product candidates;

- the size and growth potential of the markets for our product candidates, if approved for commercial use, and our ability to serve those markets;
- the pricing and reimbursement of our product candidates, if approved;
- future agreements with third parties in connection with the commercialization of our product candidates;
- the potential effects of public health crises, such as the COVID-19 pandemic, on our preclinical and clinical programs and business;
- the implementation of our business model and strategic plans for our business and product candidates, including additional indications for which we may pursue;
- our ability to effectively manage our growth, including our ability to attract and retain key scientific and management personnel, and maintain our culture;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates, including the projected terms of patent protection;
- potential claims relating to our intellectual property and third-party intellectual property;
- estimates of our expenses, future revenue, capital requirements, our needs for additional financing and our ability to obtain additional capital;
- our ability to contract with third-party suppliers and manufacturers and their ability to perform adequately;
- our future financial performance;
- our expectations regarding the time during which we will be an emerging growth company under the JOBS Act and a smaller reporting company as defined in Rule 12b-2 of the Securities and Exchange Act of 1934, as amended (the Exchange Act);
- developments and projections relating to our competitors and our industry, including competing products;
- our expectations regarding the use of proceeds from our initial public offering and our existing cash and cash equivalents; and
- other risks and uncertainties, including those listed under the caption “Risk Factors” in this Quarterly Report on Form 10-Q.

We have based these forward-looking statements largely on our current expectations, estimates, forecasts and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. In light of the significant uncertainties in these forward- looking statements, you should not rely upon forward-looking statements as predictions of future events. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report on Form 10-Q, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur at all. You should refer to the section titled “Risk factors” for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. Furthermore, if our forward- looking statements prove to be inaccurate, the inaccuracy may be material. Except as required by law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and you are cautioned not to unduly rely upon these statements.

Investors and others should note that we may announce material business and financial information to our investors using our investor relations website, Securities and Exchange Commission filings, webcasts, press releases and conference calls. We use these mediums, including our website, to communicate with the public about our company, our business and other issues. It is possible that the information that we make available may be deemed to be material information. We, therefore, encourage investors and others interested in our company to review the information that we make available on our website.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

CARGO THERAPEUTICS, INC.
Condensed Balance Sheets
(in thousands, except share and per share data)

| | September 30, 2023 (Unaudited) | December 31, 2022 (Note 2) |
|--|--------------------------------------|----------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 60,344 | \$ 1,872 |
| Prepaid expenses and other current assets | 3,072 | 2,055 |
| Total current assets | 63,416 | 3,927 |
| Operating lease right-of-use assets | 2,825 | 2,165 |
| Property and equipment, net | 9,150 | 3,368 |
| Other non-current assets | 7,021 | 783 |
| Total assets | <u>\$ 82,412</u> | <u>\$ 10,243</u> |
| Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Deficit | | |
| Current liabilities: | | |
| Accounts payable | \$ 7,430 | \$ 3,483 |
| Accrued clinical and research and development expenses | 6,766 | 1,646 |
| Accrued expenses and other current liabilities | 6,777 | 3,391 |
| Operating lease liabilities, current | 2,591 | 1,006 |
| Redeemable convertible preferred stock tranche liability | 17,570 | — |
| Convertible notes—related party | — | 11,635 |
| Convertible notes | — | 9,619 |
| Derivative liabilities | — | 12,705 |
| Financial commitment liabilities—related party | — | 412 |
| Financial commitment liabilities | — | 240 |
| Total current liabilities | 41,134 | 44,137 |
| Operating lease liabilities, non-current | 300 | 1,092 |
| Other non-current liabilities | 225 | 250 |
| Total liabilities | <u>41,659</u> | <u>45,479</u> |
| Redeemable convertible preferred stock, \$0.001 par value; 255,584,255 shares authorized and 12,495,411 shares issued and outstanding at September 30, 2023, respectively, (aggregate liquidation preference of \$158,588 at September 30, 2023) | 150,088 | — |
| Stockholders' deficit: | | |
| Convertible preferred stock, \$0.001 par value; 11,000,000 shares authorized and 810,700 issued and outstanding at December 31, 2022 (aggregate liquidation preference of \$11,000 at December 31, 2022) | — | 1 |
| Common stock, \$0.001 par value; 320,000,000 and 29,000,000 shares authorized at September 30, 2023 and December 31, 2022, respectively; 1,086,262 and 1,091,800 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively | 1 | 1 |
| Additional paid-in capital | 3,733 | 11,761 |
| Accumulated deficit | (113,069) | (46,999) |
| Total stockholders' deficit | <u>(109,335)</u> | <u>(35,236)</u> |
| Total liabilities, redeemable convertible preferred stock and stockholders' deficit | <u>\$ 82,412</u> | <u>\$ 10,243</u> |

The accompanying notes are an integral part of these unaudited condensed financial statements.

CARGO THERAPEUTICS, INC.
Condensed Statements of Operations and Comprehensive Loss
(unaudited, in thousands, except share and per share data)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|--------------------|------------------------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Operating expenses: | | | | |
| Research and development | \$ 22,233 | \$ 8,469 | \$ 48,724 | \$ 20,142 |
| General and administrative | 6,478 | 1,580 | 13,030 | 3,624 |
| Total operating expenses | <u>28,711</u> | <u>10,049</u> | <u>61,754</u> | <u>23,766</u> |
| Loss from operations | (28,711) | (10,049) | (61,754) | (23,766) |
| Interest expense | — | (1,458) | (1,604) | (2,234) |
| Net change in fair value of redeemable convertible preferred stock tranche obligations | (7,651) | — | (8,343) | — |
| Change in fair value of derivative liabilities | — | (779) | 6,453 | (1,186) |
| Loss on extinguishment of convertible notes | — | — | (2,316) | — |
| Other income (expense), net | 891 | 1 | 1,494 | (16) |
| Net loss and comprehensive loss | <u>\$ (35,471)</u> | <u>\$ (12,285)</u> | <u>\$ (66,070)</u> | <u>\$ (27,202)</u> |
| Net loss per share attributable to common stockholders, basic and diluted | <u>\$ (47.37)</u> | <u>\$ (28.38)</u> | <u>\$ (98.15)</u> | <u>\$ (79.16)</u> |
| Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted | <u>748,862</u> | <u>432,835</u> | <u>673,175</u> | <u>343,635</u> |

The accompanying notes are an integral part of these unaudited condensed financial statements.

CARGO THERAPEUTICS, INC.
Condensed Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit
(unaudited, in thousands, except share data)

| | Redeemable Convertible | | Convertible | | | | Additional Paid-In Capital | Accumulat ed Deficit | Total Stockholde rs' Deficit |
|--|------------------------|------------|-----------------|--------|--------------|--------|----------------------------------|----------------------------|---------------------------------------|
| | Preferred Stock | | Preferred Stock | | Common Stock | | | | |
| | Shares | Amount | Shares | Amount | Shares | Amount | | | |
| Balances at December 31, 2022 | — | \$ — | 810,700 | \$ 1 | 1,091,800 | \$ 1 | \$ 11,761 | \$ (46,999) | \$ (35,236) |
| Reclassification of Series Seed redeemable convertible preferred stock | 810,700 | 9,830 | (810,700) | (1) | — | — | (9,829) | — | (9,830) |
| Issuance of Series A-1 redeemable convertible preferred stock, net of issuance costs of \$755 and convertible preferred stock tranche asset and liability of \$7,317 on issuance | 5,072,919 | 60,760 | — | — | — | — | — | — | — |
| Issuance of Series A-2 redeemable convertible preferred stock upon conversion of convertible notes | 3,229,851 | 35,576 | — | — | — | — | — | — | — |
| Issuance of restricted stock | — | — | — | — | 1,874 | — | — | — | — |
| Vesting of restricted stock | — | — | — | — | — | — | 18 | — | 18 |
| Repurchase of restricted stock | — | — | — | — | (4,698) | — | — | — | — |
| Stock-based compensation | — | — | — | — | — | — | 31 | — | 31 |
| Net loss | — | — | — | — | — | — | — | (12,715) | (12,715) |
| Balances at March 31, 2023 | 9,113,470 | 106,166 | — | — | 1,088,976 | 1 | 1,981 | (59,714) | (57,732) |
| Exercise of stock options | — | — | — | — | 1,695 | — | 2 | — | 2 |
| Vesting of restricted stock | — | — | — | — | — | — | 43 | — | 43 |
| Repurchase of restricted stock | — | — | — | — | (4,686) | — | — | — | — |
| Stock-based compensation | — | — | — | — | — | — | 592 | — | 592 |
| Net loss | — | — | — | — | — | — | — | (17,884) | (17,884) |
| Balances at June 30, 2023 | 9,113,470 | 106,166 | — | — | 1,085,985 | 1 | 2,618 | (77,598) | (74,979) |
| Issuance of Series A-1 redeemable convertible preferred stock, net of issuance costs of \$55 | 3,381,941 | 42,012 | — | — | — | — | — | — | — |
| Reclassification of tranche obligation asset to Series A-1 redeemable convertible preferred stock | — | 1,910 | — | — | — | — | — | — | — |
| Exercise of stock options | — | — | — | — | 5,545 | — | 6 | — | 6 |
| Vesting of restricted stock | — | — | — | — | — | — | 25 | — | 25 |
| Repurchase of restricted stock | — | — | — | — | (5,268) | — | — | — | — |
| Stock-based compensation | — | — | — | — | — | — | 1,084 | — | 1,084 |
| Net loss | — | — | — | — | — | — | — | (35,471) | (35,471) |
| Balances at September 30, 2023 | 12,495,411 | \$ 150,088 | — | \$ — | 1,086,262 | \$ 1 | \$ 3,733 | \$ (113,069) | \$ (109,335) |

The accompanying notes are an integral part of these unaudited condensed financial statements.

CARGO THERAPEUTICS, INC.
Condensed Statements of Stockholders' Deficit
(unaudited, in thousands, except share data)

| | Convertible Preferred Stock | | Common Stock | | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders' Deficit |
|---|-----------------------------|-------------|------------------|-------------|----------------------------------|------------------------|-----------------------------------|
| | Shares | Amount | Shares | Amount | | | |
| Balances at December 31, 2021 | 405,350 | \$ 1 | 810,699 | \$ 1 | \$ 5,871 | \$ (6,048) | \$ (175) |
| Issuance of Series Seed convertible preferred stock | 405,350 | — | — | — | 5,500 | — | 5,500 |
| Net loss | — | — | — | — | — | (4,755) | (4,755) |
| Balances at March 31, 2022 | 810,700 | 1 | 810,699 | 1 | 11,371 | (10,803) | 570 |
| Issuance of restricted stock awards | — | — | 139,649 | — | 2 | — | 2 |
| Stock-based compensation expense | — | — | — | — | 241 | — | 241 |
| Net loss | — | — | — | — | — | (10,162) | (10,162) |
| Balances at June 30, 2022 | 810,700 | 1 | 950,348 | 1 | 11,614 | (20,965) | (9,349) |
| Issuance of common shares for license | — | — | 67,605 | — | 72 | — | 72 |
| Issuance of restricted stock awards | — | — | 62,792 | — | 1 | — | 1 |
| Vesting of restricted stock awards | — | — | — | — | 10 | — | 10 |
| Stock-based compensation expense | — | — | — | — | 24 | — | 24 |
| Net loss | — | — | — | — | — | (12,285) | (12,285) |
| Balances at September 30, 2022 | <u>810,700</u> | <u>\$ 1</u> | <u>1,080,745</u> | <u>\$ 1</u> | <u>\$ 11,721</u> | <u>\$ (33,250)</u> | <u>\$ (21,527)</u> |

The accompanying notes are an integral part of these unaudited condensed financial statements.

CARGO THERAPEUTICS, INC.
Condensed Statements of Cash Flows
(unaudited, in thousands)

| | Nine months ended September 30, | |
|---|---------------------------------|-----------------|
| | 2023 | 2022 |
| OPERATING ACTIVITIES | | |
| Net loss | \$ (66,070) | \$ (27,202) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Loss on extinguishment of convertible notes | 2,316 | — |
| Amortization of operating lease right-of-use assets | 1,631 | 780 |
| Noncash interest expense | 1,604 | 2,234 |
| Net change in fair value of redeemable convertible preferred stock tranche obligations | 8,343 | — |
| Acquired in-process research and development | 1,225 | 1,004 |
| Stock-based compensation expense | 1,707 | 265 |
| Depreciation | 960 | 234 |
| Change in fair value of derivative liabilities | (6,453) | 1,186 |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses and other current assets | (1,017) | (2,753) |
| Other non-current assets | (3,550) | (455) |
| Accounts payable | 3,297 | 5,782 |
| Accrued clinical and research and development expenses | 5,120 | 1,002 |
| Accrued expenses and other current liabilities | 203 | 1,015 |
| Operating lease liabilities | (1,498) | (814) |
| Net cash used in operating activities | <u>(52,182)</u> | <u>(17,722)</u> |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (5,660) | (1,738) |
| Purchase of in-process research and development | (358) | (520) |
| Net cash used in investing activities | <u>(6,018)</u> | <u>(2,258)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from issuance of convertible notes, net of issuance costs - related party | 2,212 | 8,459 |
| Proceeds from issuance of convertible notes, net of issuance costs | 1,286 | 7,503 |
| Proceeds from issuance of convertible preferred stock and tranche commitment, net of issuance costs | — | 5,500 |
| Proceeds from issuance of redeemable convertible preferred stock and tranche obligations, net of issuance costs | 113,909 | |
| Proceeds from issuance of restricted stock awards | — | 3 |
| Proceeds from exercise of stock options | 8 | — |
| Payment of deferred initial public offering costs | (743) | — |
| Net cash provided by financing activities | <u>116,672</u> | <u>21,465</u> |
| Net increase in cash and cash equivalents | 58,472 | 1,485 |
| Cash and cash equivalents at beginning of period | 1,872 | 41 |
| Cash and cash equivalents at end of period | <u>\$ 60,344</u> | <u>\$ 1,526</u> |

CARGO THERAPEUTICS, INC.
Condensed Statements of Cash Flows
(unaudited, in thousands)

| | Nine months ended September 30, | |
|--|---------------------------------|----------|
| | 2023 | 2022 |
| SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES | | |
| Reclassification of tranche obligation asset to Series A-1 redeemable convertible preferred stock | \$ 1,910 | \$ — |
| Conversion of convertible notes to shares of Series A-2 redeemable convertible preferred stock | \$ 35,576 | \$ — |
| Reclassification of shares of Series Seed redeemable convertible preferred stock to mezzanine equity | \$ 9,830 | \$ — |
| Purchase of property and equipment in accounts payable and accrued expenses and other current liabilities | \$ 1,741 | \$ 1,289 |
| In-process research and development costs in accounts payable, accrued expenses and other current liabilities, and other non-current liabilities | \$ 1,250 | \$ 412 |
| Issuance of shares in exchange for in-process research and development | \$ — | \$ 72 |
| Deferred offering costs related to initial public offering included in accounts payable and accrued expenses and other current liabilities | \$ 1,945 | \$ — |
| Deferred issuance costs for second tranche of Series A-1 redeemable convertible preferred stock in accounts payable and accrued expenses and other current liabilities | \$ — | \$ 19 |

The accompanying notes are an integral part of these unaudited condensed financial statements.

CARGO THERAPEUTICS, INC.

Notes to Unaudited Condensed Financial Statements

1. Organization

Description of the business

CARGO Therapeutics, Inc. (the “Company”) was incorporated in the state of Delaware in December 2019 as Syncopation Life Sciences, Inc. and changed its name to CARGO Therapeutics, Inc. in September 2022. It is a clinical-stage biotechnology company positioned to advance next generation, potentially curative cell therapies for cancer patients. The Company’s programs, platform technologies, and manufacturing strategy are designed to directly address the key limitations of approved cell therapies, including limited durability of effect, suboptimal safety and unreliable supply. The Company’s lead program, CRG-022, an autologous CD22 chimeric antigen receptor (“CAR”) T-cell therapy, has demonstrated robust safety, activity and manufacturability in clinical trials and is currently being studied in a potentially pivotal Phase 2 clinical trial for the treatment of large B-cell lymphoma (“LBCL”). The Company is also leveraging its proprietary cell engineering platform technologies to develop a pipeline of programs that incorporate multi-functional genetic “cargo” designed to enhance CAR T-cell persistence and trafficking to tumor lesions, as well as help safeguard against tumor resistance and T-cell exhaustion.

Since its founding, the Company has devoted substantially all of its resources to organizing and staffing the Company, business planning, raising capital, establishing licensing arrangements, building its proprietary platform technologies, discovering its product candidates, establishing its intellectual property portfolio, conducting research, preclinical studies, and clinical trials, establishing arrangements with third parties for the manufacture of its product candidates and related raw materials, and providing general and administrative support for these operations.

Reverse Stock Split

On November 1, 2023, the Company’s Board of Directors approved an amended and restated certificate of incorporation to effect a reverse split of shares of the Company’s common stock and redeemable convertible preferred stock on a 13.5685-for-1 basis (the “Reverse Stock Split”) which was effected on November 3, 2023. The par value and authorized number of shares of common stock and redeemable convertible preferred stock were not adjusted as a result of the Reverse Stock Split. All share data and per share data amounts for all periods presented in the condensed financial statements and notes thereto have been retrospectively adjusted to reflect the effect of the Reverse Stock Split.

Initial Public Offering

On November 14, 2023, the Company closed its initial public offering (“IPO”), pursuant to which it issued and sold an aggregate of 18,750,000 shares of its common stock at a public offering price of \$15.00 per share and on November 21, 2023, the Company issued and sold 2,512,181 additional shares of its common stock to the underwriters of the IPO pursuant to the partial exercise of their option to purchase additional shares, resulting in net proceeds of approximately \$291.3 million, after deducting underwriting discounts, commissions and other offering expenses. Upon the closing of the IPO, the Company’s outstanding redeemable convertible preferred stock automatically converted into 18,836,559 shares of common stock. Converted redeemable convertible preferred stock outstanding as of the date of IPO consisted of 12,495,411 shares that were outstanding as of September 30, 2023 (see Note 7) and 6,341,148 shares that were issued in October 2023 (see Note 13). Following the closing of the IPO, no shares of redeemable convertible preferred stock were authorized or outstanding.

In connection with the closing of its IPO, on November 14, 2023, the Company’s certificate of incorporation was amended and restated to authorize 500,000,000 shares of common stock, par value \$0.001 per share and 50,000,000 shares of preferred stock, par value of \$0.001 per share.

The unaudited condensed financial statements as of September 30, 2023, including share and per share amounts, do not give effect to the IPO as it closed subsequent to September 30, 2023.

Notes to Unaudited Condensed Financial Statements

Liquidity

Since inception, the Company has incurred significant operating losses and negative cash flows, and it expects that it will continue to incur losses and negative cash flows for the foreseeable future as it continues its research and development efforts, advances its product candidates through preclinical and clinical development, enhances its platforms and programs, expands its product pipeline, seeks regulatory approval, prepares for commercialization, hires additional personnel, protects its intellectual property and grows its business. As of and for the nine months ended September 30, 2023, the Company had an accumulated deficit of \$113.1 million, cash and cash equivalents of \$60.3 million and negative cash flows from operations of \$52.2 million. The Company believes its existing cash, cash equivalents, proceeds received from the sale of its Series A-1 redeemable convertible preferred stock in October 2023 (see Note 13) and proceeds received from its IPO (see Note 13) will be sufficient to support operations for at least 12 months from the issuance of these unaudited condensed financial statements.

2. Summary of Significant Accounting Policies***Basis of presentation***

The Company has prepared the accompanying condensed financial statements in accordance with U.S. generally accepted accounting principles (“GAAP”) and the requirements of the Securities and Exchange Commission (“SEC”) for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP can be condensed or omitted. The financial statements are presented in U.S. dollars.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions believed to be reasonable. Actual results could differ from those estimates and such differences could be material to the financial position and results of operations.

Significant estimates and assumptions reflected in these financial statements include, but are not limited to, the accrual of research and development expenses, the fair value of derivative liabilities, the initial fair value of the financial commitment liabilities related to the convertible notes, valuation of the redeemable convertible preferred stock tranche asset and liability, valuation of deferred tax assets, the fair value of equity instruments, equity-based instruments, stock-based compensation, and the determination of the incremental borrowing rate.

Unaudited interim condensed financial statements

The condensed balance sheet as of September 30, 2023 and the condensed statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders’ deficit, and cash flows for the nine months ended September 30, 2023 and 2022 are unaudited. These unaudited condensed financial statements have been prepared on the same basis as the Company’s annual financial statements and, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for the fair statement of the Company’s financial position, results of operations and cash flows for the interim periods presented. The condensed results of operations for the nine months ended September 30, 2023 are not necessarily indicative of the results to be expected for the full year or for any other future annual or interim period. The condensed balance sheet as of December 31, 2022 included herein was derived from the audited financial statements as of that date. These condensed financial statements should be read in conjunction with the Company’s audited financial statements included in the Company’s prospectus related to its IPO filed pursuant to Rule 424(b) (4) under the Securities Act with the SEC on November 13, 2023.

Notes to Unaudited Condensed Financial Statements

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less on the date of purchase to be cash equivalents. Cash equivalents primarily consist of money market funds that are stated at fair value.

Issuance costs related to equity

The Company allocates issuance costs between the individual freestanding instruments identified on a relative fair value basis. Issuance costs associated with the issuance of stock or equity contracts (i.e., redeemable convertible preferred stock) are recorded as a charge against the gross proceeds of the offering.

The Company capitalizes certain legal, accounting, and other third-party fees that are directly related to the Company's equity offering until such offering is consummated. As of September 30, 2023, a total of \$2.7 million in deferred offering costs related to the Company's IPO were classified as other non-current assets in the condensed balance sheet. As of December 31, 2022, there were no deferred issuance costs related to the IPO. The Company closed its IPO on November 14, 2023, accordingly these costs will be recorded in stockholders' equity as a reduction of the proceeds from the offering subsequent to September 30, 2023.

Financial commitment liabilities

The Company's convertible note purchase agreements executed in April 2022 and October 2022 ("2022 Convertible Notes") included financial commitments to issue additional convertible notes to the noteholders in tranches (see Note 6) that were determined to be freestanding instruments that should be classified as liabilities. The freestanding instruments met the scope exception from derivative accounting. The proceeds of issuance of the first tranche of each of the 2022 Convertible Notes were allocated to the convertible notes and financial commitment liabilities based on their relative fair value at the date of issuance and not subsequently remeasured. The proceeds allocated to the financial commitment liabilities create a discount on the respective convertible note that is amortized as interest expense in the statements of operations and comprehensive loss using the effective interest rate method over the term of the respective convertible note. Upon settlement of each tranche, the respective portion of the financial commitment liabilities is reclassified to the carrying amount of the respective convertible note.

Derivative liabilities

The 2022 Convertible Notes contain certain embedded redemption features that are not clearly and closely related to the debt host instruments (see Note 6). These features are bifurcated from the host instruments and recorded at fair value on the date of issuance as derivative liabilities in accordance with Accounting Standards Codification ("ASC") 815-15, *Derivatives and Hedging—Embedded Derivatives*. The derivative liabilities are remeasured to fair value each reporting period until settlement or extinguishment, with changes in the fair value recorded as a change in fair value of derivative liabilities in the condensed statements of operations and comprehensive loss. Derivative liabilities are classified in the condensed balance sheets as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Redeemable convertible preferred stock tranche obligations

The obligations to issue additional shares of the Company's Series A-1 redeemable convertible preferred stock in two tranches at a fixed price at future dates were determined to be freestanding financial instruments within the scope of ASC 480, *Distinguishing Liabilities From Equity* ("ASC 480"). On issuance, the Company recorded the redeemable convertible preferred stock tranche asset and liability on the condensed balance sheet at their respective fair values. These tranche obligations are subject to remeasurement at each balance sheet date, with the net change in fair value recognized as a gain or loss on remeasurement within net change in fair value of redeemable convertible preferred stock tranche obligations in the condensed statements of operations and comprehensive loss until settlement or extinguishment.

Notes to Unaudited Condensed Financial Statements

Recently adopted accounting pronouncements

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), which replaces the existing incurred loss impairment model with an expected credit loss model and requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected. The Company adopted ASU 2016-13 on January 1, 2023, using a modified retrospective approach. The adoption did not have a material impact on the Company’s financial statements.

Recently issued accounting pronouncements not yet adopted

From time to time, new accounting pronouncements are issued by the FASB or other standard-setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on the accompanying financial statements and disclosures.

3. Fair Value Measurement

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Carrying amounts of certain of the Company’s financial instruments including, cash and cash equivalents, prepaid expenses and other current assets, accounts payable and accrued expenses and other current liabilities approximate fair value due to the short-term nature of these instruments.

On a recurring basis, the Company measures certain financial liabilities at fair value. There were no transfers between levels during the nine months ended September 30, 2023 and year ended December 31, 2022. The following tables summarize the Company’s financial assets and financial liabilities measured at fair value on a recurring basis by level within the fair value hierarchy:

| | September 30, 2023 | | | Total |
|--|--------------------|-------------|------------------|------------------|
| | Level 1 | Level 2 | Level 3 | |
| | (in thousands) | | | |
| Assets: | | | | |
| Money market funds | \$ 56,790 | \$ — | \$ — | \$ 56,790 |
| Total financial assets | \$ 56,790 | \$ — | \$ — | \$ 56,790 |
| Liabilities: | | | | |
| Redeemable convertible preferred stock tranche liability | \$ — | \$ — | \$ 17,570 | \$ 17,570 |
| Total financial liabilities | \$ — | \$ — | \$ 17,570 | \$ 17,570 |

Notes to Unaudited Condensed Financial Statements

| | December 31, 2022 | | | |
|-----------------------------|-------------------|---------|-----------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| | (in thousands) | | | |
| Liabilities: | | | | |
| Derivative liabilities | \$ — | \$ — | \$ 12,705 | \$ 12,705 |
| Total financial liabilities | \$ — | \$ — | \$ 12,705 | \$ 12,705 |

Derivative liabilities

In April and October 2022, the Company executed convertible note purchase agreements with its existing investors (see Note 6). The 2022 Convertible Notes contained certain embedded features requiring bifurcation as a single compound derivative instrument for each tranche funded. The derivative liabilities were measured at fair value using Level 3 inputs. The fair value of the derivative liabilities was estimated using a “with-and-without” method. The “with-and-without” methodology involves valuing the whole instrument on an as-is basis and then valuing the instrument without the embedded derivative. The difference between the entire instrument with the embedded derivatives and the instrument without the embedded derivatives is the fair value of the derivative liabilities. The estimated probability and timing of underlying events triggering the exercisability of the put option and conversion features contained within the 2022 Convertible Notes, forecasted cash flows and the discount rate were significant unobservable inputs used to determine the estimated fair value of the entire instrument with the embedded derivative. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement. The derivative liabilities are remeasured at each reporting period and the changes are recognized as a change in fair value of derivative liabilities on the statement of operations and comprehensive loss. The derivative liabilities were settled in February 2023 upon conversion of the 2022 Convertible Notes into Series A-2 redeemable convertible preferred stock (see Note 6).

The following table summarizes the significant inputs used in the valuation of the derivative liabilities:

| | On Issuance Date of January 18, 2023 | February 9, 2023 |
|---|--|---------------------|
| Expected term to achievement underlying triggering event (in years) | 0.1 – 0.2 | — |
| Probability of achievement of triggering event | 0.0% - 95.0% | 100.0% |
| Discount rate | 75.0% | 75.0% |

The following table summarizes the changes in the derivative liabilities:

| | Derivative Liabilities (in thousands) |
|----------------------------------|---|
| Balance as of December 31, 2022 | \$ 12,705 |
| Additions ⁽¹⁾ | 2,133 |
| Change in fair value | (6,453) |
| Settlement | (8,385) |
| Balance as of September 30, 2023 | \$ — |

⁽¹⁾ The additions to derivative liabilities in the nine months ended September 30, 2023 relate to the embedded derivative bifurcated from the final tranche of the 2022 Convertible Notes that was issued in January 2023.

Notes to Unaudited Condensed Financial Statements

Redeemable convertible preferred stock tranche obligations

The fair value of the Company's redeemable convertible preferred stock tranche asset and liability (see Note 7) was calculated using an option pricing model using Level 3 inputs not observable in the market. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement. As of September 30, 2023, the fair value of the redeemable convertible preferred stock tranche liability was calculated based on two scenarios, stay-private and IPO with early and late exit dates, each of which were probability weighted. The stay private scenario, weighted at a 30% probability, estimated the fair value using an option pricing model. The IPO scenario, weighted at a 70% probability, estimated the value of the Company upon an IPO at \$380.0 million with an early IPO exit in 0.1 years and a late IPO exit in 0.4 years.

The redeemable convertible preferred stock tranche obligations are considered a contingent forward and the standard forward pricing model was used for the option pricing model with the following key assumptions:

| | Redeemable Convertible Preferred Stock Tranche Asset | | Redeemable Convertible Preferred Stock Tranche Liability | |
|--|--|------------------------------------|--|-----------------------------|
| | On Issuance Date February 9, 2023 | On Settlement Date of July 7, 2023 | On Issuance Date February 9, 2023 | As of September 30, 2023 |
| Expected term to achievement of milestone (in years) | 0.4 | — | 0.8 | 0.1 |
| Probability of achievement of milestone | 90.0% | 100% | 63.0% | 95.0% |
| Discount rate | 4.9% | — | 4.9% | 5.6% |

The following table summarizes the changes in the fair value of the redeemable convertible preferred stock tranche asset and liability:

| | Redeemable Convertible Preferred Stock Tranche Asset | Redeemable Convertible Preferred Stock Tranche Liability |
|----------------------------------|--|--|
| | (in thousands) | |
| Balance as of December 31, 2022 | \$ — | \$ — |
| Initial recognition | 1,788 | (9,105) |
| Change in fair value | 122 | (8,465) |
| Settlement | (1,910) | — |
| Balance as of September 30, 2023 | \$ — | \$ (17,570) |

4. Balance Sheet Components**Prepaid expenses and other current assets**

Prepaid expenses and other current assets consisted of the following:

| | September 30, 2023 | December 31, 2022 |
|---|--------------------|-------------------|
| | (in thousands) | |
| Prepaid research and development | \$ 2,403 | \$ 1,428 |
| Other receivables | 475 | 476 |
| Prepaid other | 194 | 151 |
| Total prepaid expenses and other current assets | \$ 3,072 | \$ 2,055 |

Notes to Unaudited Condensed Financial Statements

Property and equipment, net

Property and equipment, net consisted of the following:

| | September 30, 2023 | December 31, 2022 |
|--------------------------------|-----------------------|----------------------|
| | (in thousands) | |
| Furniture and equipment | \$ 10,417 | \$ 2,793 |
| Leasehold improvements | 112 | 105 |
| Construction in progress | 2 | 891 |
| Property and equipment at cost | 10,531 | 3,789 |
| Less: accumulated depreciation | (1,381) | (421) |
| Property and equipment, net | <u>\$ 9,150</u> | <u>\$ 3,368</u> |

Depreciation expense for the three months ended September 30, 2023 and 2022 was \$0.5 million and \$0.1 million, respectively, and for the nine months ended September 30, 2023 and 2022 was \$1.0 million and \$0.2 million, respectively.

Other non-current assets

Other non-current assets consisted of the following:

| | September 30, 2023 | December 31, 2022 |
|--|-----------------------|----------------------|
| | (in thousands) | |
| Prepaid clinical | \$ 3,217 | \$ — |
| Deferred offering costs related to the initial public offering | 2,689 | — |
| Other non-current assets | 1,115 | 783 |
| Total other non-current assets | <u>\$ 7,021</u> | <u>\$ 783</u> |

Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consisted of the following:

| | September 30, 2023 | December 31, 2022 |
|--|-----------------------|----------------------|
| | (in thousands) | |
| Accrued compensation and related expenses | \$ 2,609 | \$ 2,385 |
| Accrued purchases of property and equipment | 1,429 | 623 |
| Accrued deferred offering costs related to the initial public offering | 1,599 | — |
| Other | 1,140 | 383 |
| Total accrued expenses and other current liabilities | <u>\$ 6,777</u> | <u>\$ 3,391</u> |

5. Leases

In November 2021, the Company entered into a three-year operating lease for 15,400 square feet of lab and office space in San Mateo, California. The agreement provides for one option to renew for one year which the Company is not reasonably certain to exercise. In February 2023, the operating lease commenced for an additional premises for 15,717 square feet of lab and office space, increasing the total leased premises to 31,117 square feet at the existing San Mateo, California location. The new lease has a term of two years. The Company paid an additional \$0.3 million in deposits upon commencement of the new lease which is recorded in other assets on the balance sheet. The Company is a sublessor in two agreements with initial terms of six months for a combined 2,300 square feet of

Notes to Unaudited Condensed Financial Statements

the Company's leased premises. The future payments associated with the Company's operating lease liabilities as of September 30, 2023 were as follows:

| | Amount | |
|-----------------------------------|----------------|-------|
| | (in thousands) | |
| 2023 (remaining three months) | \$ | 691 |
| 2024 | | 2,404 |
| Total undiscounted lease payments | | 3,095 |
| Less: imputed interest | | (204) |
| Total operating lease liabilities | \$ | 2,891 |

A summary of total lease costs and other information for the periods relating to the Company's operating leases was as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|----------------------|----------------------------------|--------|---------------------------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | (in thousands) | | | |
| Operating lease cost | \$ 683 | \$ 323 | \$ 1,929 | \$ 959 |
| Variable lease cost | 168 | 78 | 476 | 239 |
| Sublease income | (60) | (120) | (280) | (120) |
| Total lease cost | \$ 791 | \$ 281 | \$ 2,125 | \$ 1,078 |

| | September 30, 2023 | December 31, 2022 |
|--|-----------------------|----------------------|
| Other information: | | |
| Weighted-average remaining lease term (in years) | 1.3 | 1.9 |
| Weighted-average discount rate | 11.6% | 9.6% |

Supplemental cash flow and noncash information related to the Company's operating leases were as follows:

| | Nine months ended September 30, | |
|--|---------------------------------|--------|
| | 2023 | 2022 |
| | (in thousands) | |
| Cash flows from operating activities: | | |
| Cash paid for amounts included in the measurement of lease liabilities | \$ 1,804 | \$ 992 |
| Right-of-use assets obtained in exchange for lease obligations: | | |
| Total right-of-use assets capitalized | \$ 2,291 | \$ — |

6. Convertible Notes

In April 2022, the Company executed a convertible note purchase agreement with its existing investors for total proceeds of up to \$25.0 million (the "April 2022 Convertible Notes"). The investors committed to purchase the notes in three tranches upon achievement of certain milestones, which occurred in April, August and October 2022 for aggregate gross proceeds of \$20.0 million, of which \$10.6 million was from a related party (see Note 11). The Company incurred \$0.1 million in issuance costs for the April 2022 Convertible Notes. All three tranches had a maturity date of April 26, 2023. The Company had the option to request a fourth tranche of up to \$5.0 million at the discretion of the investors under certain specific criteria. In February 2023, the April 2022 Convertible Notes were settled in connection with the Series A redeemable convertible preferred stock financing (see Note 7) and the option to request the fourth tranche expired.

Notes to Unaudited Condensed Financial Statements

In October 2022, the Company executed a convertible note purchase agreement with the same terms and with the same investors in the April 2022 Convertible Notes for total proceeds of up to \$12.0 million (the “October 2022 Convertible Notes”), of which \$5.4 million was from a related party. The investors committed to purchase the notes in three tranches upon achievement of certain milestones, of which the first two tranches were issued in October and December 2022 for aggregate gross proceeds of \$8.5 million. The Company incurred \$16,000 in issuance costs for the funded October 2022 Convertible Notes. In January 2023, the third tranche was issued upon achieving the third milestone for gross proceeds of \$3.5 million, including \$2.2 million issued to a related party. All three tranches had a maturity date of October 28, 2023. In February 2023, the October 2022 Convertible Notes were settled in connection with the Series A redeemable convertible preferred stock financing (see Note 7).

The 2022 Convertible Notes bear simple interest at 6.0% per annum. The principal and accrued interest can only be repaid prior to maturity upon consent of a majority of the investors or immediately upon demand.

The 2022 Convertible Notes are subject to automatic conversion upon the next financing whereby the Company issues its preferred equity securities and raises aggregate gross proceeds of at least \$50.0 million (a “Qualified Financing”). On automatic conversion, the outstanding principal and accrued interest automatically convert into the convertible preferred stock issued in the Qualified Financing at 75% of the lowest cash price per share. The 2022 Convertible Notes are also subject to settlement by way of voluntary conversion that is not a Qualified Financing (a “Non-Qualified Financing”) where a majority of the active investors (investors who have fulfilled their funding commitments) may elect to convert the outstanding principal and interest into convertible preferred stock issued at 75% of the lowest cash price per share. In the event of a “Strategic Transaction” such as upon a change in control whereby another entity acquires the Company or the Company disposes of substantially all its assets upon sale, lease, liquidation, dissolution or winding up, whether voluntary or involuntary or an IPO, then each active investor may choose to convert the note into the Company’s common stock at a conversion price of \$20.36 per share or redeem the note in cash for 200% of the outstanding balance and 100% of accrued and unpaid interest. For investors who have not fulfilled their funding commitments related to the second and third tranches, where the respective milestone conditions have been met, upon a Qualified Financing, a Non-Qualified Financing or a Strategic Transaction, the outstanding principal and interest of the note will automatically convert into shares of common stock at 10% of the then current common stock price.

The Company determined that the financial commitments to issue future tranches were freestanding instruments that do not meet the definition of a derivative and should be classified as liabilities. Upon issuance of the first tranche of the April 2022 Convertible Notes and October 2022 Convertible Notes, the Company recognized \$0.7 million and \$1.2 million, respectively, for the relative fair value of the financial commitment liabilities, of which \$0.4 million and \$0.7 million, respectively, were associated with a related party (see Note 3). Upon settlement of the financial commitments, for the year ended December 31, 2022 and the nine months ended September 30, 2023, \$1.2 million and \$0.7 million in financial commitment liabilities, respectively, were reclassified to the carrying amount of the respective convertible notes.

Due to the conversion and redemption features embedded within the 2022 Convertible Notes, the Company bifurcated compound derivative liabilities related to all tranches issued through to September 30, 2023 (see Note 3). The aggregate fair value at issuance of the derivative liabilities was \$13.6 million and is subsequently remeasured each reporting period. The allocation of proceeds of the 2022 Convertible Notes to the financial commitment liabilities and embedded derivatives created a discount on the respective convertible note that is amortized using the effective interest rate method over the term of the respective note. For the three months ended September 30, 2022 and for the nine months ended September 30, 2023 and 2022, the Company recognized \$1.5 million, \$1.6 million, and \$2.2 million, respectively, of interest expense, including accrued interest, amortization of the debt discount and amortization of debt issuance costs, in the condensed statements of operations and comprehensive loss. There was no interest expense in the three months ended September 30, 2023.

In February 2023, concurrent with the Series A redeemable convertible preferred stock financing (see Note 7), the terms of the 2022 Convertible Notes were amended to specify that the notes would convert into Series A-2 redeemable convertible preferred stock. The other contractual terms including the settlement method and the conversion price of \$10.18 per share remained unchanged. Pursuant to the share settled redemption features as per the original contractual terms of the 2022 Convertible Notes, the Company issued 3,229,851 shares thereby settling \$32.9

Notes to Unaudited Condensed Financial Statements

million in outstanding principal and accrued interest. Upon settlement, the carrying values of the 2022 Convertible Notes of \$24.9 million and the derivative liabilities of \$8.4 million were derecognized and the Series A-2 redeemable convertible preferred stock was recorded at its fair value of \$35.6 million. The Company recognized a loss on extinguishment of \$2.3 million in the condensed statement of operations and comprehensive loss for the nine months ended September 30, 2023.

7. Convertible Preferred Stock

In February 2023, the Company's existing and new investors executed the Series A Preferred Stock Purchase Agreement (the "Series A Agreement") pursuant to which the Company is obligated to sell shares of its redeemable convertible preferred stock immediately at execution and through a second and third tranche. In February 2023, the Company received net proceeds of \$68.1 million from the issue and sale of 5,072,919 shares of Series A-1 redeemable convertible preferred stock and issued 3,229,851 shares of Series A-2 redeemable convertible preferred stock upon conversion of the 2022 Convertible Notes (see Note 6).

Pursuant to the Series A Agreement, through the second tranche, the Company is obligated to sell 3,381,941 shares of its Series A-1 redeemable convertible preferred stock for \$13.57 per share ("Series A-1 Tranche 2") upon the satisfaction of certain developmental milestones by the end of the third quarter of 2023. Additionally, the Company is obligated to sell 6,341,148 shares of its Series A-1 redeemable convertible preferred stock for \$13.57 per share ("Series A-1 Tranche 3") upon the satisfaction of certain developmental milestones by the middle of the first quarter of 2024. In July 2023, the Company achieved the milestone under the Series A-1 Tranche 2 and issued and sold 3,381,941 shares of its Series A-1 redeemable convertible preferred stock for net proceeds of \$45.8 million. In October 2023, the Company issued and sold for 6,341,148 shares of its Series A-1 redeemable convertible preferred stock as a part of the Series A-1 Tranche 3 closing for proceeds of \$86.0 million (see Note 13).

On issuance, the Company determined that its obligation to issue additional shares of its Series A-1 redeemable convertible preferred stock in future closings were freestanding instruments in accordance with ASC 480. The Series A-1 Tranche 2 obligation was determined to be an asset as the issuance price was deemed to be in excess of the estimated fair value of the stock on the expected milestone achievement date. Conversely, the Series A-1 Tranche 3 obligation was determined to be a liability as the estimated fair value of the stock on the expected milestone achievement date was deemed to be in excess of the issuance price. Accordingly, the Company recognized \$1.8 million and \$9.1 million for the fair value of the redeemable convertible preferred stock tranche asset and liability, respectively, on the condensed balance sheet and the remaining proceeds were allocated to the first tranche of Series A-1 redeemable convertible preferred stock. Changes in fair value of redeemable convertible preferred stock tranche asset and liability in subsequent reporting periods are recognized as a component of change in fair value of preferred stock tranche obligations in the condensed statement of operations and comprehensive loss (see Note 3). In connection with the closing of Series A-1 Tranche 2 in July 2023, the fair value of the redeemable convertible preferred stock tranche asset of \$1.9 million was reclassified to carrying amount of Series A-1 redeemable convertible preferred stock.

Redeemable convertible preferred stock consisted of the following:

| | September 30, 2023 | | | | |
|-------------|---|-------------------------------|-------------------------|------------------------|----------------|
| | Shares Authorized | Shares Issued and Outstanding | Original Issuance Price | Liquidation Preference | Carrying Value |
| | (in thousands, except shares and per share amounts) | | | | |
| Series Seed | 11,000,000 | 810,700 | \$ 13.57 | \$ 11,000 | \$ 9,830 |
| Series A-1 | 200,760,000 | 8,454,860 | \$ 13.57 | 114,720 | 104,682 |
| Series A-2 | 43,824,255 | 3,229,851 | \$ 10.18 | 32,868 | 35,576 |
| Total | 255,584,255 | 12,495,411 | | \$ 158,588 | \$ 150,088 |

Notes to Unaudited Condensed Financial Statements

Convertible preferred stock consisted of the following:

| | December 31, 2022 | | | | |
|-------------|---|----------------------------------|----------------------------|---------------------------|-------------------|
| | Shares Authorized | Shares Issued and Outstanding | Original Issuance Price | Liquidation Preference | Carrying Value |
| | (in thousands, except shares and per share amounts) | | | | |
| Series Seed | 11,000,000 | 810,700 | \$ 13.57 | \$ 11,000 | \$ 10,855 |
| Total | 11,000,000 | 810,700 | | \$ 11,000 | \$ 10,855 |

The holders of redeemable convertible preferred stock have various rights, preferences and privileges as follows:

Voting rights

The holders of redeemable convertible preferred stock shares are entitled to vote on all matters on which the common stockholders are entitled to vote. Each holder of redeemable convertible preferred stock is entitled to the number of votes equal to the number of whole shares of common stock into which the shares held by such holder are convertible. Holders of the shares of Series A-1 redeemable convertible preferred stock, as a separate class, are entitled to elect two directors of the Company. Holders of the shares of Series Seed convertible preferred stock, as a separate class, are entitled to elect (i) prior to the issuance of the third tranche, two directors of the Company and (ii) on or after the issuance of the third tranche, one director of the Company. The holders of common stock are entitled to elect one director and one director will be the Company's Chief Executive Officer. The remaining two directors will be independent directors that are elected by stockholder vote and must be mutually acceptable to the other directors.

As long as at least 1,909,071 shares of redeemable convertible preferred stock shares remain outstanding, the Company must obtain approval from a majority of the holders of the then outstanding shares of redeemable convertible preferred stock, provided that prior to the issuance of third tranche such approval must include the affirmative vote of the holders of a majority of the outstanding shares of Series A-1 redeemable convertible preferred stock, to alter or change the rights, preferences and privileges of redeemable convertible preferred stock, change the authorized number of redeemable convertible preferred and common stock, create a new class or series of shares having any rights, preferences or privileges superior to or on parity with any outstanding shares of redeemable convertible preferred stock, declare or pay any distribution, merge, consolidate with or implement a reorganization that would result in the transfer of 50% of the voting power of the Company, sell all or substantially all of the Company's assets, voluntarily dissolve or liquidate the Company, change the authorized number of directors, incur indebtedness greater than \$0.3 million and appoint or remove the chief executive officer.

Dividends

The Company's certificate of incorporation permits the holders of shares of redeemable convertible preferred stock to receive, only when, as and if declared by the Board of Directors, dividends at a rate of 8% of the applicable original issuance price of \$13.57 per share for shares of Series Seed and Series A-1 redeemable convertible preferred stock and \$10.18 per share for shares of Series A-2 redeemable convertible preferred stock, as adjusted for stock dividend, stock split, combination or other similar recapitalization (the "Original Issue Price"). Such dividend may be received prior and in preference to any declaration or payment of any other dividend (other than dividends on shares of common stock payable in common stock). Such dividends are non-cumulative. The Company shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Company (other than dividends on shares of common stock payable in common stock) unless the holders of redeemable convertible preferred stock then outstanding shall first receive, or simultaneously received, in addition to the 8% dividend noted above, an equal dividend on an as converted basis, if the dividend is declared on common stock or securities convertible in common stock. If the dividend is declared on non-common stock or securities not convertible in common stock, the holders of redeemable convertible preferred stock then outstanding must also receive an equal dividend to the dividend of such class, divided by its issuance price and multiplied by the applicable Original Issue Price, provided that if the Company declares a dividend on the same date on shares on more than one class or series of stock the dividend payable to the redeemable convertible preferred stockholders shall be based on the dividend on the class or series that would result in the highest preferred dividend. No dividends were declared as of December 31, 2022 and September 30, 2023.

Notes to Unaudited Condensed Financial Statements

Liquidation

In the event of any liquidation, dissolution or winding up of the Company, including a merger or consolidation in which the Company or a subsidiary of the Company is a constituent party and the Company issues its shares as a part of such merger or consolidation, or the sale of substantially all of the assets of the Company, or any other transaction or series of transactions in which more than 50% of the voting power of the Company is disposed of, the holders of redeemable convertible preferred stock will receive in preference to any distribution of assets to the holders of common stock, an amount per share equal to the greater of (i) per share equal the Original Issue Price, plus any declared and unpaid dividends, or (ii) such amount as would have been payable had all shares of the redeemable convertible preferred stock been converted into common stock. If the assets available for distribution are insufficient, then proceeds will be distributed ratably among the holders of redeemable convertible preferred stock in proportion to the full preferential amount that each such holder is entitled to receive. If there are remaining assets of the Company legally available for distribution after the payment of the full liquidation preference of the preferred stock, those remaining assets shall be distributed ratably to the holders of common stock based on the number of shares held by each common stockholder.

Conversion

Each share of redeemable convertible preferred stock is convertible, at the option of the holder, into the number of shares of common stock into which such shares are convertible at the then-effective conversion ratio. The conversion ratio is determined by dividing the applicable Original Issue Price by the then applicable conversion price. The initial conversion price per share is \$13.57 for Series Seed preferred stock, \$13.57 for Series A-1 preferred stock, and \$10.18 for the Series A-2 preferred stock. The initial conversion price is subject to adjustment from time to time. Each share of redeemable convertible preferred stock shall automatically be converted into fully-paid, non-assessable shares of common stock at the then-effective conversion rate for such share (i) immediately prior to the closing of a firm commitment underwritten IPO pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, resulting in at least \$50.0 million of gross proceeds and in which the pre-money valuation of the Company is at least \$400.0 million and in connection with such offering the common stock is listed for trading on the Nasdaq Stock Market's National Market or the New York Stock Exchange (ii) immediately prior to the consummation of a transaction by merger, consolidation, share exchange or otherwise in which the pre-money valuation of the Company is at least \$400.0 million, with a publicly-traded special purpose acquisition company (a "SPAC"), immediately following the consummation of which the common stock or share capital of the SPAC or its successor entity is listed on the Nasdaq Stock Market or the New York Stock Exchange or another exchange approved by the Board of Directors, or (iii) at the date and time, or occurrence, of an event specified in a vote or written consent of the holders of the majority of the outstanding shares of redeemable convertible preferred stock.

Classification

A liquidation or winding up of the Company, including a merger or consolidation in which the Company or a subsidiary of the Company is a constituent party and the Company issues its shares as a part of such merger or consolidation, or the sale of substantially all of the assets, sales or exclusive license of all or substantially all of the intellectual property of the Company, or any other transaction or series of transactions in which more than 50% of the voting power of the Company is disposed of would constitute a redemption event. As of December 31, 2022, these redemption events were deemed to be within the control of the Company; therefore, in accordance with ASC 480, all shares of Series Seed convertible preferred stock were presented within permanent equity.

Upon closing of the first tranche of shares of Series A-1 redeemable preferred stock and conversion of the 2022 Convertible Notes to shares of Series A-2 redeemable preferred stock on February 7, 2023, the convertible preferred stockholders collectively had the ability to elect a majority of the directors on the Company's Board of Directors such that a redemption event pursuant to the various rights of shares of the convertible preferred stock was no longer within the control of the Company. In accordance with ASC 480, all shares of Series Seed convertible preferred stock were reclassified from permanent equity to mezzanine equity at fair value, and, on issuance, all shares of Series A-1 and A-2 redeemable convertible preferred stock were classified as mezzanine equity.

Notes to Unaudited Condensed Financial Statements

The Company has elected not to adjust the carrying values of the redeemable convertible preferred stock to the redemption value of such shares, since it is not probable that a redemption event will occur. Subsequent adjustments to increase the carrying value to the redemption values will be made when it becomes probable that such redemption will occur.

8. Common stock

Each share of common stock is entitled to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to prior rights of the redeemable convertible preferred stockholders. In February 2023, the Company amended and restated its certificate of incorporation to increase the authorized shares of common stock to 320,000,000.

Common stock issued and outstanding on the balance sheets and statements of stockholders' deficit includes shares related to restricted stock that are subject to repurchase and therefore are excluded from the reserved common stock in the table below.

The Company's reserved common stock, on an as-converted basis for issuance was as follows:

| | September 30, 2023 | December 31, 2022 |
|--|-----------------------|----------------------|
| Redeemable convertible preferred stock | 12,495,411 | — |
| Convertible preferred stock | — | 810,700 |
| Common stock options issued and outstanding under the Plan | 3,048,512 | 167,882 |
| Remaining shares available for issuance under the Plan | 373,362 | 22,928 |
| Total reserved common stock | 15,917,285 | 1,001,510 |

The 2022 Convertible Notes, which are excluded from the table above as of December 31, 2022, converted into shares of Series A-2 redeemable convertible preferred stock in February 2023 (see Notes 6 and 7).

9. Stock-Based Compensation

2021 Stock Option and Grant Plan

In July 2021, the Company established its 2021 Stock Option and Grant Plan (the "Plan") which provides for the granting of stock options, restricted and unrestricted stock units and restricted and unrestricted stock awards to employees and consultants of the Company. In October 2022 and February 2023, the Board of Directors amended shares authorized for issuance under the Plan. As of September 30, 2023 and December 31, 2022, shares authorized for issuance under the Plan were 3,618,904 and 393,268, respectively.

Stock options

Stock option activity for the nine months ended September 30, 2023 was as follows:

| | Number of Options | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value (in thousands) |
|---|-------------------|------------------------------------|---|--|
| Outstanding at December 31, 2022 | 167,882 | \$ 1.09 | 9.65 | \$ — |
| Granted | 3,230,713 | 6.66 | | |
| Exercised | (7,240) | 1.12 | | |
| Cancelled and forfeited | (342,843) | 5.27 | | |
| Outstanding at September 30, 2023 | 3,048,512 | \$ 6.52 | 9.66 | \$ 16,390 |
| Vested and expected to vest, September 30, 2023 | 3,048,512 | \$ 6.52 | 9.66 | \$ 16,390 |
| Exercisable at September 30, 2023 | 116,008 | \$ 3.15 | 9.25 | \$ 1,015 |

Notes to Unaudited Condensed Financial Statements

Aggregate intrinsic value in the above table is calculated as the difference between the exercise price of the options and the Company's estimated fair value of its common stock as of September 30, 2023.

The aggregate intrinsic value of options exercised during the nine months ended September 30, 2023 was \$46,000. No options were exercised during the nine months ended September 30, 2022. The estimated weighted-average grant-date fair value of options granted during the nine months ended September 30, 2022 and 2023 was \$0.79 and \$5.17 per share, respectively. As of September 30, 2023, there was \$13.5 million of unrecognized stock-based compensation related to stock options, which is expected to be recognized over a weighted-average period of 3.4 years.

Restricted stock awards

The Company has issued restricted stock awards to certain employees, directors and consultants in exchange for cash consideration equal to the fair value of common stock on the grant date. The restricted stock awards are subject to the repurchase right upon termination of services at a repurchase price lower of (i) the fair market value on the date of repurchase or (ii) their original purchase price no later than nine months after such termination. Shares purchased by employees pursuant to restricted stock awards are not deemed, for accounting purposes, to be issued until those shares vest according to their respective vesting schedules. Proceeds received from issuance of restricted stock awards are recorded as a share repurchase liability within accrued expenses and other current liabilities on the balance sheet and reclassified to additional paid-in capital as such awards vest.

The following table summarizes the Company's restricted stock activity.

| | Number of Awards | Weighted- Average Grant Date Fair Value |
|-----------------------------------|---------------------|--|
| Unvested as of December 31, 2022 | 529,110 | \$ 0.93 |
| Issued | 1,874 | 3.94 |
| Repurchased | (14,652) | 0.63 |
| Vested | (215,418) | 1.90 |
| Unvested as of September 30, 2023 | <u>300,914</u> | <u>\$ 0.26</u> |

The purchase price of the restricted stock awards is the fair value of common stock as determined by the Board of Directors at the issuance date. The shares generally vest monthly over four years from the grant date.

The Company recorded \$0.1 million and \$0.2 million as a share repurchase liability for restricted stock awards in accrued expenses and other current liabilities on the balance sheets as of September 30, 2023 and December 31, 2022, respectively.

As of September 30, 2023, unrecognized stock-based compensation expense related to outstanding unvested restricted stock awards was \$0.1 million, which is expected to be recognized over a weighted-average period of 2.5 years.

Notes to Unaudited Condensed Financial Statements

Stock-based compensation expense

Total stock-based compensation expense recorded in the unaudited condensed statements of operations and comprehensive loss was as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------------------------------------|-------|------------------------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | (in thousands) | | | |
| General and administrative | \$ 587 | \$ 9 | \$ 1,014 | \$ 209 |
| Research and development | 497 | 15 | 693 | 56 |
| Total stock-based compensation expense | \$ 1,084 | \$ 24 | \$ 1,707 | \$ 265 |

The estimated grant-date fair value of awards granted during the nine months ended September 30, 2023 and 2022 was calculated based on the following assumptions:

| | Nine months ended September 30, | |
|--------------------------|---------------------------------|---------------|
| | 2023 | 2022 |
| Expected term (in years) | 1.3 – 6.4 | 2.8 – 6.1 |
| Expected volatility | 84.6% - 87.2% | 84.6% - 89.8% |
| Expected dividend | — | — |
| Risk-free interest rate | 3.2% - 4.6% | 0.4% - 3.2% |

10. License and Research and Development Agreements*Stanford license agreement*

In August 2022, the Company entered into a license agreement with the Board of Trustees of the Leland Stanford Junior University (“Stanford University”) relating to the Company’s platform technologies relating to CAR T-cell therapies (the “Stanford License Agreement”). Pursuant to the Stanford License Agreement, Stanford University granted the Company a worldwide, exclusive license under certain patent rights, and a worldwide non-exclusive license under certain technology, in each case, owned or controlled by Stanford University, to make, use and sell products, methods or services in the field of human therapeutic and diagnostic products.

As consideration for the licenses granted under the Stanford License Agreement, the Company made an upfront payment of \$50,000 and issued 67,605 shares of its common stock with a fair value of \$0.1 million, of which 22,317 shares were issued to Stanford University, 27,100 shares were issued to two non-profit organizations that supported the research, and 18,188 shares were issued to various Stanford University inventors. The Company determined that the purchase of the licenses under the Stanford License Agreement represented an asset acquisition as it did not meet the definition of a business. As the acquired licenses represented in-process research and development (“IPR&D”) assets with no alternative future use, the Company recorded the upfront consideration of \$0.2 million as research and development expense in August 2022, upon entering into the Stanford License Agreement. The Company recorded research and development expense pursuant to the Stanford License Agreement in the amount of \$10,000 during the three and nine months ended September 30, 2023 and \$0.2 million during the three and nine months ended September 30, 2022.

In addition to annual license maintenance fees of up to \$0.1 million per year, the Company may be required to pay up to \$7.5 million for sales milestone payments, up to \$4.0 million in development milestone payments for each product covered by licensed patent rights that achieves specific clinical trials or regulatory approvals, up to \$0.6 million in milestone payments upon achievement of commercial milestone events and double-digit percentage milestone payments on non-patented products, and, subject to certain royalty reductions, low single-digit percentage royalties on net sales of products. Subject to the terms of the Stanford License Agreement, the Company also agreed to pay Stanford University a certain percentage of non-royalty sublicense-related revenue that the Company receives from third-party sublicenses.

Notes to Unaudited Condensed Financial Statements

Crystal Mackall and Robbie Majzner, who were the Company's principal owners and directors when the Company entered into the Stanford License Agreement, are employees and faculty members leading CAR T-cell therapy research programs at Stanford University.

Oxford license and supply agreement

In June 2022, the Company entered into a License and Supply Agreement (the "Oxford Agreement"), with Oxford Biomedica (UK) Limited ("Oxford") for the manufacture and supply of lentiviral vectors for clinical and potentially commercial purposes by the Company. Pursuant to the Oxford Agreement, Oxford granted to the Company a non-exclusive worldwide, sub-licensable, royalty-bearing license under certain intellectual property rights for the purposes of research, development and commercialization of products transduced with the vectors manufactured by Oxford or by the Company following a technology transfer by Oxford, which products are directed against certain initial targets, and upon payment of certain fees, additional targets as agreed by Oxford and the Company.

As consideration for the license granted under the Oxford Agreement, the Company paid an upfront license fee of \$0.2 million. The Company determined that the purchase of the license under the Oxford Agreement represented an asset acquisition as it did not meet the definition of a business. As the acquired license represented IPR&D assets with no alternative future use, the Company recorded the upfront payment of \$0.2 million as research and development expense in June 2022, upon entering into the Oxford Agreement. The Company recorded research and development expense related to the achievement of certain development milestones in the amount of \$0.3 million during the three and nine months ended September 30, 2023 and \$0.2 million during the nine months ended September 30, 2022.

The Company may be required to pay up to an aggregate of \$0.3 million of development milestones, \$1.0 million of regulatory milestones and \$8.0 million of commercial milestones for each target if such milestones are achieved by licensed products directed to such target. Additionally, the Company is obligated to pay an earned royalty on net sales of products manufactured with the Oxford vector at a low single-digit percentage.

Unless terminated earlier, the Oxford Agreement will expire when no further payments are due to Oxford. The Company can terminate the agreement at will upon advance written notice and may be subject to certain manufacturing slot cancellation fees.

National Cancer Institute

In March 2022, the Company entered into an exclusive license agreement (the "2022 NCI License Agreement") with the U.S. Department of Health and Human Services, as represented by The National Cancer Institute (the "NCI"), pursuant to which the Company obtained a worldwide, royalty-bearing, exclusive license under certain patent rights to make, use, sell, offer for sale, and import certain autologous products covered by such licensed patents in the field of CAR-T immunotherapies for the treatment of B-cell malignancies that express CD22, and a non-sublicenseable exclusive license to make, use, and import, but not sell, certain allogenic products and to practice processes in the field of certain CAR-T immunotherapies for the treatment of B-cell malignancies that express CD22 for evaluation purposes, with an exclusive option to negotiate a non-exclusive or exclusive commercialization license.

As consideration for the licenses granted under the 2022 NCI License Agreement, the Company is required to pay NCI a non-refundable license fee of \$0.6 million, of which \$0.2 million was paid in 2022 and \$0.1 million was paid in 2023, and the remaining balance of \$0.3 million is payable in two equal annual installments beginning on the second anniversary of the effective date of the agreement. The Company accrued the non-refundable upfront fees of \$0.4 million upon entering into the 2022 NCI License Agreement. As of September 30, 2023 and December 31, 2022, \$0.1 million and \$0.1 million, respectively, of non-refundable upfront fees were accrued in accrued expenses and other current liabilities and \$0.1 million and \$0.3 million, respectively, are classified as other non-current liabilities on the condensed balance sheet. The Company determined that the purchase of the license under the 2022 NCI License Agreement represented an asset acquisition as it did not meet the definition of a business. As the acquired license represented IPR&D assets with no alternative future use, the Company recorded the initial consideration of \$0.6 million under the 2022 NCI License Agreement as research and development expense in March 2022, upon entering into the 2022 NCI License Agreement. During the three and nine months ended September 30, 2023, the Company recorded research and development expense of \$0.5 million and \$0.6

Notes to Unaudited Condensed Financial Statements

million related to the minimum annual royalty and the achievement of certain development milestones and during the nine months ended September 30, 2022, the Company recorded research and development expense of \$0.6 million related to the non-refundable license fee.

The Company agreed to pay up to \$0.2 million in regulatory milestone payments upon achieving specific regulatory filings, up to \$1.8 million in development milestone payments upon achieving specific clinical trials or registration trials, and up to \$16.0 million in sales milestones upon achievement of specific commercial milestone events for up to three distinct licensed products, and an earned royalty on net sales of autologous cell therapy products covered by the licensed patent rights at a low single-digit percentage, depending on the amount of annual net sales and subject to the terms of the 2022 NCI License Agreement. The Company is also required to make minimum annual royalty payments of \$50,000 per year, which will be creditable against royalties due for sales in that year. In addition, the Company is obligated to pay the NCI a percentage of non-royalty revenue received by the Company from its right to sublicense. Additionally, in the event the Company is granted a priority review voucher (“PRV”), the Company would be obligated to pay NCI a minimum of \$5.0 million upon the sale, transfer or lease of the PRV or \$0.5 million upon submission of the PRV for use by the U.S. Food and Drug Administration (“FDA”). The Company is also obligated to pay NCI a percentage of the fair market value of the consideration the Company receives for any assignment of the 2022 NCI License Agreement to a non-affiliate (upon NCI’s prior written consent) or an allocated portion of the fair value of consideration received in connection with a change in control.

NCI may terminate or modify the 2022 NCI License Agreement in the event of an uncured material breach, including, but not limited to, if the Company does not meet certain milestones by certain dates, or upon certain insolvency events that remain uncured following the date that is 90 days following written notice of such breach or insolvency event. The Company may terminate the license, or any portion thereof, at its sole discretion at any time upon 60 days written notice to NCI.

In February 2023, the Company entered into an exclusive license agreement (the “2023 NCI License Agreement”) with NCI, pursuant to which the Company obtained a worldwide, royalty-bearing, exclusive license under certain patent rights owned by NCI to make, use, sell and import products and to practice processes in the field of certain CAR-T immunotherapies for the treatment of B-cell malignancies, wherein the T cells are engineered to express CD22 in combination with both: receptors targeting CD19, CD20, and/or CD79b; and using STASH platform and/or a technology to activate CD2 signaling in the CAR T cell.

As consideration for the licenses granted under the 2023 NCI License Agreement, the Company must pay NCI a non-refundable license fee of \$0.3 million in three installments whereby the first installment is payable within 60 days of the execution of the agreement and the remaining two payments due on the first and second anniversaries of the effective date of the agreement. Additionally, the Company must reimburse NCI for \$0.1 million in expenses incurred by NCI prior to January 1, 2022 related to the preparation, filing, prosecution, and maintenance of all patent applications and patents included in the license under the 2023 NCI Agreement. The Company determined that the purchase of the license under the 2023 NCI License Agreement represented an asset acquisition as it did not meet the definition of a business. As the acquired license represented IPR&D assets with no alternative future use, the Company recorded the initial consideration of \$0.4 million under the 2023 NCI Agreement, consisting of the non-refundable upfront fees and patent expense reimbursement, as research and development expense in February 2023, upon entering the 2023 NCI License Agreement. The Company accrued these amounts upon entering into the 2023 NCI License Agreement, of which \$0.1 million is classified as other non-current liabilities on the condensed balance sheet as of September 30, 2023. During the nine months ended September 30, 2023, the Company recorded research and development expense of \$0.3 million related to the minimum annual royalty.

The Company agreed to pay up to \$0.1 million in regulatory milestone payments upon achieving specific regulatory filings, up to \$1.7 million in development milestone payments upon achieving specific clinical trials or registration trials, and up to \$16.0 million in sales milestones upon achievement of specific commercial milestone events. Subject to the terms of the 2023 NCI License Agreement, the Company also agreed to pay a low single-digit percentage on earned royalties on net sales of products covered by the licensed patent rights. The Company also agreed to make minimum annual royalty payments of \$50,000 per year, which will be creditable against royalties due for sales in that year. In addition, the Company is obligated to pay the NCI a percentage of non-royalty revenue received by the Company from its right to sublicense at defined percentages. Additionally, if the Company is granted a PRV, the Company would be obligated to pay NCI a minimum of \$5.0

Notes to Unaudited Condensed Financial Statements

million upon the sale, transfer or lease of the PRV or \$0.5 million upon submission of the PRV for use by the FDA. The Company is also obligated to pay NCI a percentage of the fair market value of the consideration the Company receives for any assignment of the 2023 NCI License Agreement to a non-affiliate (upon NCI's prior written consent) or an allocated portion of the fair value of consideration received in connection with a change in control.

Unless earlier terminated, the 2023 NCI License Agreement will expire upon the expiration of the last to expire licensed patent right. NCI may terminate or modify the 2023 NCI License Agreement in the event of an uncured material breach, including, but not limited to, if the Company does not meet certain milestones by certain dates, or upon certain insolvency events that remain uncured following the date that is 90 days following written notice of such breach or insolvency event. The Company may terminate the license, or any portion thereof, at its sole discretion at any time upon 60 days written notice to NCI.

11. Related Parties

The 2022 Convertible Notes (see Note 6) were issued in part to a related party, a significant investor, for an aggregate principal amount of \$16.0 million. As of December 31, 2022, \$16.4 million in principal and accrued interest was outstanding to the related party. In February 2023, \$18.7 million in principal and accrued interest outstanding to the related party was settled through conversion into 1,833,623 shares of Series A-2 redeemable convertible preferred stock (see Note 7).

Apart from the transactions and balances detailed in Note 6, Note 7 and Note 11, the Company has no other significant or material related party transactions during the three and nine months ended September 30, 2022 and 2023.

12. Net Loss Per Share

A reconciliation of net loss attributable to common stockholders and the number of shares in the calculation of basic and diluted loss per share was as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|--|-------------|------------------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | (in thousands, except share and per share amounts) | | | |
| Numerator: | | | | |
| Net loss attributable to common stockholders | \$ (35,471) | \$ (12,285) | \$ (66,070) | \$ (27,202) |
| Denominator: | | | | |
| Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted | 748,862 | 432,835 | 673,175 | 343,635 |
| Net loss per share attributable to common stockholders, basic and diluted | \$ (47.37) | \$ (28.38) | \$ (98.15) | \$ (79.16) |

The following potentially dilutive shares were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented, because including them would have been anti-dilutive (on an as-converted basis):

| | September 30, 2023 | September 30, 2022 |
|--|-----------------------|-----------------------|
| Redeemable convertible preferred stock, as converted | 12,495,411 | — |
| Convertible preferred stock, as converted | — | 810,700 |
| 2022 Convertible Notes, as converted | — | 1,606,124 |
| Outstanding stock options | 3,048,512 | 75,281 |
| Restricted stock awards subject to repurchase | 300,914 | 571,184 |
| Total | 15,844,837 | 3,063,289 |

13. Subsequent Events***Series A redeemable convertible preferred stock financing***

In October 2023, the Company issued and sold 6,341,148 shares of its Series A-1 redeemable convertible preferred stock for net proceeds of approximately \$86.0 million under its obligation for Series A-1 Tranche 3 pursuant to the Series A Agreement (see Note 7).

Reverse Stock Split

On November 1, 2023, the Company's Board of Directors approved an amended and restated certificate of incorporation to effect a reverse split of shares of the Company's common stock and redeemable convertible preferred stock on a 13.5685-for-1 basis which was effected on November 3, 2023. The par value and authorized number of shares of common stock and redeemable convertible preferred stock were not adjusted as a result of the Reverse Stock Split. All share data and per share data amounts for all periods presented in the condensed financial statements and notes thereto have been retrospectively adjusted to reflect the effect of the Reverse Stock Split.

Initial Public Offering

On November 14, 2023, the Company closed its initial public offering, pursuant to which it issued and sold an aggregate of 18,750,000 shares of its common stock at a public offering price of \$15.00 per share and on November 21, 2023, the Company issued and sold 2,512,181 additional shares of its common stock to the underwriters of the IPO pursuant to the partial exercise of their option to purchase additional shares. The Company received net proceeds of approximately \$291.3 million, after deducting underwriting discounts, commissions and offering expenses. Upon the closing of the IPO, the Company's outstanding redeemable convertible preferred stock automatically converted into 18,836,559 shares of common stock. Converted redeemable convertible preferred stock outstanding as of the date of IPO consisted of 12,495,411 shares that were outstanding as of September 30, 2023 (see Note 7) and 6,341,148 shares that were issued in October 2023.

In connection with the completion of its IPO, on November 14, 2023, the Company's certificate of incorporation was amended and restated to authorize 500,000,000 shares of common stock, par value \$0.001 per share and 50,000,000 shares of preferred stock, par value of \$0.001 per share with terms to be set by the Board of Directors.

Lease

In December 2023, the Company entered into a lease for 99,557 square feet of lab and office space in San Carlos, California. The lease is expected to commence in January 2024. The lease has an initial term through March 31, 2031 and provides options to renew the lease for two additional three year terms. The total undiscounted lease payments related to the initial term of the lease are \$45.7 million, of which no payments are due within 12 months.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with the unaudited condensed financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as our audited financial statements and notes thereto and the related Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our final prospectus filed with the Securities and Exchange Commission (SEC) pursuant to Rule 424(b) under the Securities Act of 1933, as amended (Securities Act) on November 13, 2023 (Prospectus) that forms a part of our Registration Statement on Form S-1 (File No. 333-275113). This discussion and analysis contains forward-looking statements based upon current beliefs, plans, and expectations related to future events and our future performance that involves risks, uncertainties, and assumptions, such as statements regarding our intentions, plans, objectives, and expectations for our business. Our actual results and the timing of selected events could differ materially from those discussed in the forward-looking statements as a result of several factors including those set forth in the section titled “Risk Factors.” See also the section titled “Special Note Regarding Forward-Looking Statements”.

Overview

We are a clinical-stage biotechnology company uniquely positioned to advance next generation, potentially curative cell therapies for cancer patients. Our programs, platform technologies, and manufacturing strategy are designed to directly address the limitations of approved chimeric antigen receptor (CAR) T-cell therapies. A CAR is a protein that has been engineered to modify T cells so they can recognize and destroy cancer cells. We believe the limitations of these therapies include limited durability of effect, safety concerns and unreliable supply. Our lead program, CRG-022, an autologous (derived from a patient’s cells) CD22 chimeric antigen receptor (CAR) T-cell product candidate, the underlying CAR of which we exclusively licensed, is being studied by Stanford in a Phase 1 clinical trial in patients with large B-cell lymphoma (LBCL) whose disease relapsed or was refractory (R/R) to CD19 CAR T-cell therapy. On the basis of the results from the clinical trial, we are evaluating CRG-022 in a potentially pivotal Phase 2 clinical trial in patients with LBCL whose disease is R/R to CD19 CAR T-cell therapy. We also plan to evaluate CRG-022 in patients at earlier stages of disease, including LBCL and other hematologic malignancies. Beyond our lead program, we are leveraging our proprietary cell engineering platform technologies to develop a pipeline of programs that incorporate multiple transgene therapeutic “cargo” designed to enhance CAR T-cell persistence and trafficking to tumor lesions, as well as to help safeguard against tumor resistance and T-cell exhaustion. Our founders are pioneers and world-class experts in CAR T-cell therapy, and our team has significant experience and success developing, manufacturing, launching and commercializing oncology and cell therapy products. We aim to become a fully integrated, leading cell therapy company. Together, we are united in our mission to outsmart cancer and deliver more cures for patients.

| Program | Target(s) | Indication(s) | Stage of Development | | | | | Commercial rights |
|---|----------------------|-----------------------------------|----------------------|--------------|---------|---------|---------|-------------------|
| | | | Discovery | IND-enabling | Phase 1 | Phase 2 | Phase 3 | |
| CRG-022 (CAR T) | CD22 | R/R LBCL - post CD19 CAR T | | | | | | |
| | | LBCL - CAR T naïve ⁽¹⁾ | | | | | | |
| | | Pediatric B-ALL | | | | | | |
| CRG-023 (tri-specific CAR T with CD2 co-stimulation) | CD19 CD20 CD22 | B-cell malignancies | | | | | | |

- (1) Based on data from the Phase 1 clinical trial conducted by Stanford and pending data from our ongoing Phase 2 clinical trial in R/R LBCL – post CD19 CAR T, we intend to discuss with the FDA initiation of a Phase 2 program in LBCL – CAR T naïve without completing earlier clinical trials in LBCL – CAR T-naïve patients.

On November 14, 2023, we closed our initial public offering (IPO) pursuant to which we sold 18,750,000 shares of our common stock at a price to the public of \$15.00 per share and on November 21, 2023, we issued and sold 2,512,181 additional shares of our common stock to the underwriters of the IPO pursuant to the partial exercise of their option to purchase additional shares. We received net proceeds of approximately \$291.3 million after deducting underwriting discounts, commissions and offering expenses.

We have incurred significant operating losses and negative cash flows since our inception. Since our founding, we have devoted substantially all of our resources to organizing and staffing our company, business planning, raising capital, establishing licensing arrangements, building our proprietary platform technologies, discovering our product candidates, establishing our intellectual property portfolio, conducting research, preclinical studies, and clinical trials, establishing arrangements with third parties for the manufacture of our product candidates and related raw materials, and providing general and administrative support for these operations. Our net loss was \$35.5 million and \$12.3 million for the three months ended September 30, 2023 and 2022, respectively, and \$66.1 million and \$27.2 million for the nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2023, we had an accumulated deficit of \$113.1 million and cash and cash equivalents of \$60.3 million. During the nine months ended September 30, 2023, we issued convertible notes for an aggregate principal amount of \$3.5 million and 8,454,860 shares of our Series A-1 redeemable convertible preferred stock for net proceeds of \$113.9 million. In October 2023, we completed the third tranche closing of our Series A financing and issued 6,341,148 shares of Series A-1 redeemable convertible preferred stock for net proceeds of approximately \$86.0 million. Based on our current operating plans, we estimate that our existing cash and cash equivalents as of September 30, 2023, together with the net proceeds from the sale of our Series A-1 redeemable convertible preferred stock in October 2023 and the net proceeds from our IPO in November 2023 will be sufficient to meet our working capital and capital expenditures through 2025. We have based this estimate on our current assumptions, which may prove to be wrong, and we may exhaust our available capital resources sooner than we expect.

We expect to continue to incur significant and increasing net operating losses for the foreseeable future as we:

- advance our product candidates through clinical and preclinical development;
- seek regulatory approval, prepare for and, if approved, proceed to commercialization of our product candidates;
- continue our research and development efforts and expand our pipeline of product candidates;
- attract, hire and retain additional personnel;
- maintain, expand and protect our intellectual property portfolio;
- operate as a public company;
- implement operational, financial and management information systems;
- make royalty, milestone or other payments under current, and any future, license or collaboration agreements;
- potentially seek to identify, acquire or in-license new technologies or product candidates;
- establish a sales, marketing and distribution infrastructure to commercialize any product candidate for which we may obtain marketing approval;
- potentially experience any delays, challenges, or other issues associated with the clinical development of our product candidates, including with respect to our regulatory strategies; and
- develop manufacturing processes and methods and establish manufacturing capacity to supply for clinical trials in our pipeline and eventual for commercialization.

Our net losses may fluctuate significantly from period to period, depending upon the timing of our expenditures on other research and development activities. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our accounts payable and accrued research and development and other current liabilities.

To date, we have funded our operations primarily with the proceeds from the sale and issuance of our convertible preferred stock and convertible notes. We do not have any products approved for sale and have not generated any revenue from product sales since our inception. We do not expect to generate revenue from any product candidates that we develop until we obtain regulatory approval for one or more of such product candidates and commercialize our products or enter into collaboration agreements with third parties. Because of the numerous risks and uncertainties associated with therapeutic product development, we may never achieve or sustain profitability and, unless and until we are able to develop and commercialize our product candidates, we will need to continue to raise substantial additional capital. Until such time as we can generate significant revenue from sales of our product candidates, if ever, we expect to fund our operations through public or private equity offerings or debt financings, credit or loan facilities, potentially other capital sources, such as collaboration or licensing arrangements with third parties or other strategic transactions, or a combination of one or more of these funding sources. If we are unable to obtain adequate funding as and when needed, or on attractive terms, we could be required to significantly delay, reduce or eliminate some or all of our research and development activities, product portfolio expansion or commercialization efforts, out-license intellectual property rights to our product candidates, sell unsecured assets, or scale back or terminate our pursuit of new strategic arrangements and transactions, or a combination of the above, any of which may have a material adverse effect on our business, results of operations, financial condition and/or our ability to fund our scheduled obligations on a timely basis or at all.

We utilize third-party contract manufacturing organizations (CMOs), to manufacture and supply our preclinical and clinical materials during the development of our product candidates. We expect to use similar contract resources for the commercialization of our products, at least until our resources and operations are at a scale that justifies investment in internal manufacturing capabilities. The terms and conditions for each of the CMOs are defined in the respective manufacturing and supply agreements.

Components of operating results

Operating expenses

Our operating expenses consist of research and development expenses and general and administrative expenses.

Research and development expenses

Our research and development expenses consist of:

- direct costs, including:
 - costs related to the production of preclinical and clinical materials, including fees, milestones and royalties paid to contract manufacturers,
 - expenses incurred under agreements with consultants and third-party contract organizations that conduct research and development activities on our behalf,
 - laboratory supplies and materials used for internal research and development activities,
 - laboratory and vendor expenses related to the execution of preclinical studies and planned clinical trials,
 - health authority filing fees costs related to sponsored research service agreements, and
 - costs incurred in obtaining technology licenses or in-process research and development (IPR&D) assets through asset acquisitions if the technology or IPR&D has not reached technological feasibility and has no alternative future use.
- indirect costs, including:
 - personnel-related costs, such as salaries, benefits and stock-based compensation expenses for employees engaged in research and development functions, and
 - facilities-related costs, depreciation and other miscellaneous costs.

We expense all research and development costs in the periods in which such costs are incurred. Costs for certain research and development activities are recognized based on evaluating the progress to completion of specific tasks using information and data provided to us by our vendors and third-party service providers. Non-refundable advance payments for goods and services used over time for research and development are capitalized and recognized as goods are delivered or as the related services are performed. In-licensing fees and other costs to acquire technologies used in research and development that have not yet received regulatory approval and that are not expected to have an alternative future use are expensed when incurred. Because we are working on multiple research and development programs at any one time, we track our direct costs by the stage of program, clinical or preclinical. However, our indirect costs are not directly tied to any one program and are deployed across multiple programs. As such, we do not track indirect costs on a specific program basis.

We cannot reasonably determine the nature, timing, and estimated costs of the efforts that will be necessary to complete the development of, and obtain regulatory approval for, any of our product candidates. Product candidates in later stages of development generally have higher development costs than those in earlier stages. We expect that our research and development expenses will increase substantially for the foreseeable future as we continue to invest in research and development activities related to developing our product candidates, as our product candidates advance into later stages of development, as we begin to conduct clinical trials, as we seek regulatory approvals for any product candidates that successfully complete clinical trials, as we expand our product pipeline, as we maintain, expand, protect and enforce our intellectual property portfolio, and as we incur expenses associated with hiring additional personnel to support our research and development efforts.

The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming, and the successful development of our product candidates is highly uncertain. Our research and development expenses may vary significantly based on factors such as:

- the number and scope of preclinical and IND-enabling studies;
- the phases of development of our product candidates;
- the progress and results of our research and development activities;
- per subject trial costs;
- the number of trials required for regulatory approval;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- length of time required to enroll eligible subjects and initiate clinical trials;
- the number of subjects that participate in the trials;
- the drop-out and discontinuation rate of subjects;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of subject participation in the trials and follow-up;
- the cost and timing of manufacturing of our product candidates;
- the timing of licensing milestone payments related to development, regulatory and commercial events;
- manufacturing success with patient materials;
- the receipt of regulatory approvals from applicable regulatory authorities;
- mitigation/responses to potential health authority questions, inspections;
- the timing, receipt and terms of any marketing approvals from applicable regulatory authorities;
- the hiring and retention of research and development personnel;
- the degree to which we obtain, maintain, defend and enforce our intellectual property rights; and

- the extent to which we establish collaboration, licensing or similar arrangements and the performance of any related third parties.

A change in the outcome of any of these variables with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of that product candidate.

General and administrative expenses

Our general and administrative expenses consist primarily of personnel-related costs, costs related to maintenance and filing of intellectual property and other expenses for outside professional services, including legal, human resources, audit, and accounting services, as well as facilities-related costs not included in research and development expenses. Personnel-related costs consist of salaries, bonuses, benefits and stock-based compensation costs for our executive, finance, and general and administrative personnel. We expect that our general and administrative expenses will increase for the foreseeable future to support our expanding headcount and operations, and as we advance our product candidates through clinical development, which will also increase our general and administrative expenses. We also expect to incur additional costs associated with operating as a public company, including increased expenses related to legal, audit, accounting, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance costs, investor and public relations costs, and other administrative and professional services

Interest expense

Interest expense primarily consists of accrued interest, amortization of debt discounts and issuance costs related to our convertible notes.

Net change in fair value of redeemable convertible preferred stock tranche obligations

The net change in fair value of redeemable convertible preferred stock tranche obligations consists of measurement gains or losses recorded on subsequent remeasurement of the redeemable convertible preferred stock tranche asset and liability related to our Series A-1 redeemable convertible preferred stock. We remeasured the fair value of the redeemable convertible preferred stock tranche asset until its settlement in July 2023 upon issuance of the second tranche of Series A-1 redeemable convertible preferred stock.

Change in fair value of derivative liabilities

The change in fair value of derivative liabilities consists of measurement losses recorded on subsequent remeasurement of derivative liabilities related to our convertible notes. We remeasured the fair value of the derivative liabilities until the underlying convertible notes were settled through conversion in February 2023.

Loss on extinguishment of convertible notes

The loss on extinguishment of convertible notes consists of the loss realized upon conversion of our convertible notes into Series A-2 redeemable convertible preferred stock in February 2023.

Other income (expense), net

Other income (expense), net consists primarily of federal research and development tax credits and interest income earned on our cash.

Results of operations

Comparison of the three months ended September 30, 2023 and 2022

Our results of operations for each of the periods indicated are summarized in the table below (in thousands):

| | Three months ended September 30, | | Change |
|---|-------------------------------------|--------------------|--------------------|
| | 2023 | 2022 | |
| Operating expenses: | | | |
| Research and development | \$ 22,233 | \$ 8,469 | \$ 13,764 |
| General and administrative | 6,478 | 1,580 | 4,898 |
| Total operating expenses | 28,711 | 10,049 | 18,662 |
| Loss from operations | (28,711) | (10,049) | (18,662) |
| Interest expense | — | (1,458) | 1,458 |
| Net change in fair value of redeemable convertible preferred stock tranche obligations | (7,651) | — | (7,651) |
| Change in fair value of derivative liabilities | — | (779) | 779 |
| Other income (expense), net | 891 | 1 | 890 |
| Net loss and comprehensive loss | <u>\$ (35,471)</u> | <u>\$ (12,285)</u> | <u>\$ (23,186)</u> |

Research and development expenses

Our research and development expenses for each of the periods indicated are summarized by class in the table below (in thousands):

| | Three months ended September 30, | | Change |
|---|-------------------------------------|-----------------|------------------|
| | 2023 | 2022 | |
| Direct costs: | | | |
| Contract manufacturing | \$ 8,223 | \$ 3,641 | \$ 4,582 |
| Preclinical and clinical outside services | 3,268 | 265 | 3,003 |
| Consulting and professional services | 250 | 538 | (288) |
| Laboratory supplies and materials | 1,916 | 823 | 1,093 |
| Acquired in-process research and development | 759 | 154 | 605 |
| Indirect costs: | | | |
| Personnel-related costs including stock-based compensation | 5,887 | 2,511 | 3,376 |
| Facilities-related and other | 1,930 | 537 | 1,393 |
| Total research and development expenses | <u>\$ 22,233</u> | <u>\$ 8,469</u> | <u>\$ 13,764</u> |

Research and development expenses increased by \$13.8 million to \$22.2 million in the three months ended September 30, 2023, compared to \$8.5 million in the three months ended September 30, 2022. This increase was primarily driven by an increase of \$4.6 million in contract manufacturing costs, as well as increases in personnel-related costs of \$3.4 million, preclinical and clinical outside services of \$3.0 million, and laboratory supplies and materials of \$1.1 million as we progressed CRG-022 and continued the development of our manufacturing process in preparation for our Phase 2 clinical trial, which started in the third quarter of 2023 and increased headcount on our research and development teams to support our development efforts. Facilities-related and other expenses increased by \$1.4 million related to our new facilities lease entered into in February 2023.

General and administrative expenses

Our general and administrative expenses for each of the periods indicated are summarized by class in the table below (in thousands):

| | Three months ended September 30, | | Change |
|--|-------------------------------------|-----------------|-----------------|
| | 2023 | 2022 | |
| Personnel-related costs including stock-based compensation | \$ 2,366 | \$ 622 | \$ 1,744 |
| Professional services | 3,954 | 868 | 3,086 |
| Facilities-related and other | 158 | 90 | 68 |
| Total general and administrative expenses | <u>\$ 6,478</u> | <u>\$ 1,580</u> | <u>\$ 4,898</u> |

General and administrative expenses increased by \$4.9 million to \$6.5 million in the three months ended September 30, 2023, compared to \$1.6 million in the three months ended September 30, 2022 as we continued to expand our administrative functions to support our business and prepare to operate as a public company. This increase was primarily driven by an increase of \$3.1 million in professional services related to legal, accounting and audit costs, as well as an increase in outsourced human resource services, and an increase of \$1.7 million in personnel-related costs due to a higher headcount in our finance and administrative personnel.

Interest expense

Interest expense was \$1.5 million in the three months ended September 30, 2022 related to our convertible notes which converted into shares of Series A-2 redeemable convertible preferred stock in February 2023.

Net change in fair value of redeemable convertible preferred stock tranche obligations

The net change in fair value of redeemable convertible preferred stock tranche obligations related to our Series A Agreement executed in February 2023 was a net loss of \$7.7 million in the three months ended September 30, 2023 primarily due to an estimated increase in the fair value of the underlying shares of our Series A-1 redeemable convertible preferred stock at the expected settlement dates.

Change in fair value of derivative liabilities

The change in fair value of derivative liabilities associated with our convertible notes was a gain of \$0.8 million in the three months ended September 30, 2022. This change was primarily due to a decrease in the expected term of the triggering event, the conversion of our convertible notes which converted into shares of Series A-2 redeemable convertible preferred stock in February 2023.

Other income (expense), net

Other income increased by \$0.9 million in the three months ended September 30, 2023 compared to other expense of \$1,000 in the three months ended September 30, 2022 primarily due to higher interest earnings as a result of increasing interest rates on our higher cash balances in 2023.

Comparison of the nine months ended September 30, 2023 and 2022

Our results of operations for each of the periods indicated are summarized in the table below (in thousands):

| | Nine months ended September 30, | | Change |
|--|------------------------------------|--------------------|--------------------|
| | 2023 | 2022 | |
| Operating expenses: | | | |
| Research and development | \$ 48,724 | \$ 20,142 | \$ 28,582 |
| General and administrative | 13,030 | 3,624 | 9,406 |
| Total operating expenses | 61,754 | 23,766 | 37,988 |
| Loss from operations | (61,754) | (23,766) | (37,988) |
| Interest expense | (1,604) | (2,234) | 630 |
| Net change in fair value of redeemable convertible preferred stock tranche obligations | (8,343) | — | (8,343) |
| Change in fair value of derivative liabilities | 6,453 | (1,186) | 7,639 |
| Loss on extinguishment of convertible notes | (2,316) | — | (2,316) |
| Other income (expense), net | 1,494 | (16) | 1,510 |
| Net loss and comprehensive loss | <u>\$ (66,070)</u> | <u>\$ (27,202)</u> | <u>\$ (38,868)</u> |

Research and development expenses

Our research and development expenses for each of the periods indicated are summarized by class in the table below (in thousands):

| | Nine months ended September 30, | | Change |
|--|------------------------------------|------------------|------------------|
| | 2023 | 2022 | |
| Direct costs: | | | |
| Contract manufacturing | \$ 18,577 | \$ 7,082 | \$ 11,495 |
| Preclinical and clinical outside services | 5,736 | 524 | 5,212 |
| Consulting and professional services | 592 | 2,077 | (1,485) |
| Laboratory supplies and materials | 4,593 | 2,351 | 2,242 |
| Acquired in-process research and development | 1,225 | 1,004 | 221 |
| Indirect costs: | | | |
| Personnel-related costs including stock-based compensation | 13,278 | 5,434 | 7,844 |
| Facilities-related and other | 4,723 | 1,670 | 3,053 |
| Total research and development expenses | <u>\$ 48,724</u> | <u>\$ 20,142</u> | <u>\$ 28,582</u> |

Research and development expenses increased by \$28.6 million to \$48.7 million in the nine months ended September 30, 2023, compared to \$20.1 million in the nine months ended September 30, 2022. This increase was primarily driven by an increase of \$11.5 million in contract manufacturing costs, as well as increases in personnel-related costs of \$7.8 million, preclinical and clinical outside services of \$5.2 million, and laboratory supplies and materials of \$2.2 million as we progressed CRG-022 and continued the development of our manufacturing process in preparation for our Phase 2 clinical trial which started in the third quarter of 2023 and increased headcount on our research and development teams to support our development efforts. Facilities-related and other expenses increased by \$3.1 million related to our new facilities lease entered into in February 2023. Consulting and professional services decreased by \$1.5 million primarily due to a \$0.7 million decrease in recruiting costs and a \$0.8 million decrease in consulting expenses due to reduced reliance on external consultants and professional services to support clinical development and technical operations activities as we increased headcount on our research and development teams.

General and administrative expenses

Our general and administrative expenses for each of the periods indicated are summarized by class in the table below (in thousands):

| | Nine months ended September 30, | | Change |
|--|------------------------------------|-----------------|-----------------|
| | 2023 | 2022 | |
| Personnel-related costs including stock-based compensation | \$ 4,721 | \$ 1,461 | \$ 3,260 |
| Professional services | 7,875 | 1,896 | 5,979 |
| Facilities-related and other | 434 | 267 | 167 |
| Total general and administrative expenses | <u>\$ 13,030</u> | <u>\$ 3,624</u> | <u>\$ 9,406</u> |

General and administrative expenses increased by \$9.4 million to \$13.0 million in the nine months ended September 30, 2023, compared to \$3.6 million in the nine months ended September 30, 2022 as we continued to expand our administrative functions to support our business and prepare to operate as a public company. This increase was primarily driven by an increase of \$6.0 million in professional services related to legal, accounting and audit costs, as well as an increase in outsourced human resource services, and an increase of \$3.3 million in personnel-related costs due to a higher headcount in our finance and administrative personnel.

Interest expense

Interest expense decreased by \$0.6 million to \$1.6 million in the nine months ended September 30, 2023 compared to \$2.2 million in the nine months ended September 30, 2022. The decrease was attributable to the conversion of our convertible notes into shares of our Series A-2 redeemable convertible preferred stock in February 2023.

Net change in fair value of redeemable convertible preferred stock tranche obligations

The net change in fair value of redeemable convertible preferred stock tranche obligations related to our Series A Agreement executed in February 2023 was a net loss of \$8.3 million in the nine months ended September 30, 2023 primarily due to an estimated increase in the fair value of the underlying shares of our Series A-1 redeemable convertible preferred stock at the expected settlement dates.

Change in fair value of derivative liabilities

The change in fair value of derivative liabilities associated with our convertible notes was a gain of \$6.5 million in the nine months ended September 30, 2023 compared to a loss of \$1.2 million in the nine months ended September 30, 2022. This change was primarily due to a decrease in the expected term of the triggering event as a result of the conversion of the convertible notes into shares of our Series A-2 redeemable convertible preferred stock in February 2023, which decreased the fair value of the embedded derivatives.

Loss on extinguishment of convertible notes

The loss on extinguishment of convertible notes was \$2.3 million in the nine months ended September 30, 2023. The terms of the convertible notes were amended in February 2023 to convert the notes into shares of our Series A-2 redeemable convertible preferred stock at a conversion price of \$10.18 per share, which exceeded the carrying value of the convertible notes and embedded derivative liabilities at the time, and resulted in a loss upon extinguishment.

Other income (expense), net

Other income increased by \$1.5 million in the nine months ended September 30, 2023 compared to other expense of \$16,000 in the nine months ended September 30, 2022 primarily due to higher interest earnings as a result of increasing interest rates on our higher cash balances in 2023.

Liquidity and capital resources

Since our inception, we have funded our operations primarily with the proceeds from the sale and issuance of our convertible preferred stock and from convertible notes. During the nine months ended September 30, 2023, we raised aggregate net cash proceeds of \$117.4 million from the sale and issuance of our redeemable convertible preferred stock and convertible notes, net of issuance costs. In October 2023, we raised net proceeds of \$86.0 million from the closing of the third tranche of our Series A financing. In November 2023, we completed our IPO pursuant to which we sold 21,262,181 shares of our common stock for net proceeds of approximately \$291.3 million. To date, we have incurred significant losses and negative cash flows from operations. As of September 30, 2023, we had available cash and cash equivalents of \$60.3 million, which is available to fund operations, and an accumulated deficit of \$113.1 million.

We expect to continue to incur significant operating losses in the foreseeable future to support our planned continued development of one or more of our product candidates. Our existing cash and cash equivalents as of September 30, 2023, the net proceeds from the issuance of our Series A-1 redeemable convertible preferred stock in October 2023 and the net proceeds from our IPO will be sufficient to meet our working capital and capital expenditure needs through 2025. We have based this estimate on our current assumptions, which may prove to be wrong, and we may exhaust our available capital resources sooner than we expect.

Convertible notes

In April and October 2022, we executed convertible note purchase agreements for total gross proceeds of \$25.0 million and \$12.0 million, respectively. Each note purchase agreement included three separate tranches of funding, one upon execution of the agreement and an additional two tranches upon achievement of certain milestones. We issued the three tranches under the April 2022 note purchase agreement in April, August and October 2022 for aggregate net proceeds of \$19.9 million. We issued the first and second tranches under the October 2022 note purchase agreement in October and December 2022, respectively, for aggregate net proceeds of \$8.5 million, and the third tranche in January 2023 for net proceeds of \$3.5 million. The convertible notes issued pursuant to the note purchase agreement bore interest at 6.0% per annum and were issued with maturity dates of April 2023 and October 2023. In February 2023, concurrently with our Series A redeemable convertible preferred stock financing, the convertible notes issued pursuant to the note purchase agreement were amended to convert into shares of our Series A-2 redeemable convertible preferred stock at a conversion price of \$10.18 per share. The notes automatically converted into 3,229,851 shares of our Series A-2 redeemable convertible preferred stock in February 2023 when we completed the initial closing of the sale of our Series A-1 redeemable convertible preferred stock.

Series A-1 redeemable convertible preferred stock

In February 2023, we executed the Series A Preferred Stock Purchase Agreement (Series A Agreement) and issued and sold 5,072,919 shares of our Series A-1 redeemable convertible preferred stock for aggregate net proceeds of \$68.1 million as part of the initial closing. Our outstanding convertible notes were also converted into 3,229,851 shares of our Series A-2 redeemable convertible preferred stock. The Series A Agreement includes two additional tranche closings for 3,381,941 shares and 6,341,148 shares, respectively, at a purchase price of \$13.57 per share. We completed the second tranche closing in July 2023 for net proceeds of \$45.9 million and the third tranche closing in October 2023 for net proceeds of \$86.0 million.

Future funding requirements

Because of the numerous risks and uncertainties associated with research, development, manufacturing, supply and commercialization of pharmaceutical products, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the scope, progress, results and costs of researching, developing and manufacturing our product candidates or any future product candidates, and conducting preclinical studies;
- manufacturing success;

- the timing of, and the costs involved in, obtaining regulatory approvals or clearances for our product candidates or any future product candidates;
- the number and characteristics of any additional product candidates we develop or acquire;
- the cost of any future product candidates and any products we successfully commercialize;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of any such agreements that we may enter into, including the timing and amount of any future milestone, royalty or other payments due under any such agreement;
- the expenses needed to attract and retain skilled personnel;
- the costs of operating as a public company;
- the effect of macroeconomic trends including inflation and rising interest rates;
- addressing any potential supply chain interruptions or delays, including those related to the COVID-19 pandemic; and
- the timing, receipt and amount of sales of any future approved or cleared products, if any.

We do not have any products approved for sale and have not generated any revenue from product sales since our inception. We do not expect to generate revenue from any product candidates that we develop until we obtain regulatory approval for one or more of such product candidates and commercialize our products or enter into collaboration agreements with third parties. Because of the numerous risks and uncertainties associated with product development, we may never achieve or sustain profitability and, unless and until we are able to develop and commercialize our product candidates, we will need to continue to raise substantial additional capital. Based upon our current operating plan, we believe that our existing cash, cash equivalents and marketable securities, including the net proceeds from the issuance of our Series A-1 redeemable convertible preferred stock in October 2023 and the net proceeds from our IPO, will enable us to fund our operating expenses and capital expenditure requirements through at least the next 12 months following the issuance of our condensed financial statements. However, until such time as we can generate significant product revenue, if ever, we expect to fund our operations through public or private equity offerings or debt financings, creditor loan facilities, potentially other capital sources, such as collaborations or licensing arrangements with third parties or other strategic transactions, or a combination of one or more of these funding sources. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we expect. We expect to continue to expend significant resources for the foreseeable future.

If we raise additional capital through debt or preferred equity financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as restricting our operations and limiting our ability to incur liens, issue additional debt, pay dividends, repurchase our common stock, make certain investments, or engage in merger, consolidation, licensing or asset sale transactions. If we raise funds through collaborations, license agreements, strategic transactions or other similar arrangements with third parties, we may be required to grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves. There are no assurances that we will be successful in obtaining an adequate level of financing to support our business plans when needed on acceptable terms, or at all. If we are unable to obtain adequate funding as and when needed, or on attractive terms, we could be required to significantly delay, reduce or eliminate some or all of our research and development activities, product portfolio expansion or commercialization efforts, out-license intellectual property rights to our product candidates, sell unsecured assets, or scale back or terminate our pursuit of new strategic arrangements and transactions, or a combination of the above, any of which may have a material adverse effect on our business, results of operations, financial condition and/or our ability to fund our scheduled obligations on a timely basis or at all. Our ability to continue as a going concern is dependent upon our ability to successfully accomplish these plans and secure sources of financing and ultimately attain profitable operations.

Cash flows

Our cash flows for each of the periods indicated are summarized in the table below (in thousands):

| | Nine months ended September 30, | |
|---|------------------------------------|-------------|
| | 2023 | 2022 |
| Cash used in operating activities | \$ (52,182) | \$ (17,722) |
| Cash used in investing activities | (6,018) | (2,258) |
| Cash provided by financing activities | 116,672 | 21,465 |
| Net increase in cash and cash equivalents | \$ 58,472 | \$ 1,485 |

Operating activities

Cash used in operating activities of \$52.2 million for the nine months ended September 30, 2023 was primarily attributable to our net loss of \$66.1 million, partially offset by \$11.2 million in non-cash adjustments and a \$2.7 million decrease in our working capital. Non-cash adjustments consisted primarily of \$8.3 million from the net change in fair value of tranche obligations related to our Series A-1 redeemable convertible preferred stock, a \$2.3 million loss on extinguishment related to an amendment and conversion of our outstanding convertible notes into shares of our Series A-2 redeemable preferred stock in February 2023, \$1.7 million in stock-based compensation, \$1.6 million in noncash interest expense primarily related to additional issuances of our convertible notes, \$1.6 million in amortization of right-of-use assets, \$1.2 million in acquisition of in-process research and development primarily related to upfront fees accrued upon entering into the 2023 NCI License Agreement and fees incurred related to achievement of certain development milestones and \$1.0 million in depreciation, partially offset by a \$6.5 million gain from the change in fair value of derivative liabilities related to our convertible notes. The \$2.7 million decrease in working capital is primarily due to a \$8.8 million increase in accounts payable, accrued clinical and research and development expenses, and accrued expenses and other current liabilities driven by increased research and development expenses mainly related to contract manufacturing services, preclinical and clinical outside services and personnel expenses, partially offset by a \$3.6 million increase in other assets primarily related to a deposit paid for clinical trial services, a \$1.0 million increase in prepaid expenses and other current assets and a \$1.5 million decrease in operating lease liabilities.

Cash used in operating activities of \$17.7 million for the nine months ended September 30, 2022 was primarily attributable to our net loss of \$27.2 million, partially offset by \$5.7 million in non-cash adjustments and a \$3.8 million decrease in our working capital. Non-cash adjustments consisted primarily of \$2.2 million in noncash interest expense and \$1.2 million in change in fair value of derivative liabilities related to our convertible notes, \$1.0 million in acquisition of in-process research and development primarily related to upfront fees incurred upon entering into the 2022 NCI License Agreement and the Oxford Agreement, \$0.8 million in amortization of right-of-use asset, \$0.3 million in stock-based compensation and \$0.2 million in depreciation. The \$3.8 million decrease in working capital is primarily due to a \$7.9 million increase in accounts payable, accrued clinical and research and development expenses, and accrued expenses and other current liabilities driven by increased research and development expenses mainly related to contract manufacturing services, partially offset by a \$2.8 million increase in prepaid expenses and other current assets primarily related to prepayments for the anticipated manufacturing activities, a \$0.8 million decrease in operating lease liability and \$0.5 million increase in other assets.

Investing activities

Cash used in investing activities of \$6.0 million for the nine months ended September 30, 2023 consisted of \$5.6 million in purchases of equipment for our research and development activities and \$0.4 million from the purchase of in-process research and development comprised of fees paid related to our license agreements.

Cash used in investing activities of \$2.3 million for the nine months ended September 30, 2022 consisted of \$1.8 million in purchases of equipment for our research and development activities and \$0.5 million from the purchase of in-process research and development comprised of fees paid related to our license agreements.

Financing activities

Cash provided by financing activities of \$116.7 million for the nine months ended September 30, 2023 primarily consisted of \$113.9 million in net proceeds from issuance of Series A-1 redeemable convertible preferred stock and \$3.5 million in net proceeds from issuance of convertible notes payable, of which \$2.2 million was from related parties, partially offset by \$0.7 million in payments for deferred initial public offering costs.

Cash provided by financing activities of \$21.5 million for the nine months ended September 30, 2022 primarily consisted of \$16.0 million in net proceeds from issuance of convertible notes, of which \$8.5 million was from related parties, and \$5.5 million in net proceeds from issuance of our Series Seed convertible preferred stock.

Off-balance sheet arrangements

We currently do not have, and did not have during the periods presented, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Contractual obligations and commitments

Leases

We have entered into lease arrangements, including amendments, for a certain facility, which comprises office and laboratory space, through November 2024. As of September 30, 2023, our fixed lease payment obligations are \$3.1 million, with \$2.8 million payable within 12 months.

In December 2023, we entered into a lease arrangement for a facility which is comprised of office and laboratory space, through March 31, 2031. Our fixed lease payment obligations related to the new lease are \$45.7 million and there are no payments due within 12 months.

License agreements

Our contractual obligations are expected to affect our liquidity and cash flows in future periods. Under our license agreements with our research institution partners, we are required to make payments upon successful completion and achievement of certain milestones as well as royalty payments upon sales of products covered by such licenses. The payment obligations under the license fees are recorded in accrued liabilities as such payments are not contingent on future events. The remaining payment obligations under the license agreements are contingent upon future events such as our achievement of specified development, clinical, regulatory, and commercial milestones. To the extent that the timing of these future milestone payments is not known, we have not included these fees in our condensed balance sheet as of September 30, 2023.

Critical accounting policies and significant judgments and estimates

Management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material.

There have been no material changes to our critical accounting estimates from those described under our "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates" included in our Prospectus, except that from the effectiveness date of our registration statement on Form S-1 (File No. 333-275113), we have a publicly traded stock price and no longer require common stock valuations.

Emerging growth company and smaller reporting company status

We are an “emerging growth company”, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

We are also a “smaller reporting company” as defined in the Exchange Act. We may continue to be a smaller reporting company even after we are no longer an emerging growth company. We have elected to take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as the market value of our voting and non-voting common stock held by non-affiliates is less than \$250.0 million measured on the last business day of our second fiscal quarter, or our annual revenue is less than \$100.0 million during the most recently completed fiscal year and the market value of our voting and non-voting common stock held by non-affiliates is less than \$700.0 million measured on the last business day of our second fiscal quarter .

Recent accounting pronouncements

See Note 2 to our condensed financial statements included in Item 1 of this Quarterly Report on Form 10-Q for more information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company, as defined by Rule 12b-2 under the Securities and Exchange Act of 1934, as amended (the Exchange Act) and in Item 10(f)(1) of Regulation S-K, and are not required to provide the information under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of September 30, 2023, management, with the participation and supervision of our Chief Executive Officer and our Chief Financial Officer, have evaluated our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, solely as a result of the material weakness in our internal control over financial reporting described below, as of September 30, 2023, our disclosure controls and procedures were not effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There are no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control financial reporting.

In preparing the financial statements as of and for the year ended December 31, 2022, we identified control deficiencies in the design and operation of our internal control over financial reporting that constituted material weaknesses, which remain unremediated as of September 30, 2023. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified in our internal control over financial reporting related to: (i) an insufficient complement of personnel with an appropriate level of technical knowledge to create the proper environment for effective internal control over financial reporting, (ii) the lack of an effective risk assessment process, (iii) the lack of formalized processes and control activities to support the appropriate segregation of duties over the review of account reconciliations and journal entries and (iv) the lack of monitoring and communication of control processes and relevant accounting policies and procedures.

To remediate these material weaknesses, we are in the process of implementing measures designed to improve our internal control over financial reporting.

While we believe that these efforts will improve our internal control over financial reporting, the design and implementation of our remediation is ongoing and will require validation and testing of the design and operating effectiveness of our internal controls over a sustained period of financial reporting cycles. The actions that we are taking are subject to ongoing senior management review, as well as audit committee oversight. We will not be able to conclude whether the steps we are taking will fully remediate the material weaknesses in our internal control over financial reporting until we have completed our remediation efforts and subsequent evaluation of their effectiveness.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently a party to any material legal proceedings. From time to time, we may, however, in the ordinary course of business become involved in legal proceedings. Regardless of outcome, litigation could have a material adverse effect on us due to defense and settlement costs, diversion of management resources, negative publicity, reputational harm and other factors, and there can be no assurances that favorable outcomes will be obtained.

Item 1A. Risk Factors.

RISK FACTORS

As of the date of this Quarterly Report on Form 10-Q, there have been no material changes from the risk factors disclosed in our prospectus dated November 13, 2023 filed by us with the SEC pursuant to Rule 424(b)(4) under the Securities Act, relating to our registration statement on Form S-1 (File No. 333-275113) (the Prospectus). Any of these factors could result in a significant or material adverse effect on our result of operations or financial conditions. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) Recent Sales of Unregistered Securities.

In July 2023, we issued and sold an aggregate of 3,381,941 shares of our series A-1 redeemable convertible preferred stock, par value \$0.001 per share, to the purchasers listed on Exhibit A of the Series A Preferred Stock Purchase Agreement at a purchase price of \$13.57 per share, for an aggregate price of approximately \$45.9 million

(b) Use of Proceeds.

On November 9, 2023, our registration statement on Form S-1 (File No. 333- 275113) relating to our IPO of common stock became effective. The IPO closed on November 14, 2023 at which time we issued 18,750,000 shares of common stock at a public offering price of \$15.00 per share and on November 21, 2023, we issued and sold 2,512,181 additional shares of our common stock to the underwriters of the IPO pursuant to the partial exercise of their option to purchase additional shares. We received net proceeds of approximately \$291.3 million, after deducting the underwriting discounts, commissions and offering expenses. None of the expenses associated with the IPO were paid to directors, officers, persons owning 10% or more of any class of equity securities, or to our affiliates. J.P. Morgan Securities LLC, Jefferies LLC, Cowen and Company, LLC and Truist Securities, Inc. acted as joint book-running managers for the offering.

There has been no material change in the planned use of proceeds from the IPO from that described in the Prospectus.

(c) Issuer Purchases of Equity Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On December 11, 2023, we entered into a lease (the Lease Agreement) with ARE-San Francisco No. 63, LLC, a Delaware limited liability company for 99,557 square feet of lab and office space in San Carlos, California. The lease is expected to commence in January 2024. The Lease Agreement has an initial term through March 31, 2031 and provides options to renew the lease for two additional three year terms. The total undiscounted lease payments related to the initial term of the lease are \$45.7 million, of which no payments are due within 12 months.

The foregoing description of the Lease Agreement is qualified in its entirety by reference to Lease Agreement filed as Exhibit 10.1 hereto, which is incorporated herein by reference.

Item 6. Exhibits.

| Exhibit Number | Description | Incorporated by Reference | | | Filed Herewith |
|----------------|---|---------------------------|------------|--------|----------------|
| | | Form | Date | Number | |
| 3.1 | Amended and Restated Certificate of Incorporation, as amended, currently in effect. | 8-K | 11/14/2023 | 3.1 | |
| 3.2 | Bylaws, as amended, currently in effect. | 8-K | 11/14/2023 | 3.2 | |
| 4.1 | Reference is made to Exhibits 3.1 through 3.2 | | | | X |
| 4.2 | Form of Common Stock Certificate. | S-1/A | 11/6/2023 | | |
| 10.1 | Lease Agreement dated December 11, 2023 between ARE-San Francisco No. 63, LLC and CARGO Therapeutics, Inc. | | | | X |
| 31.1 | Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | X |
| 31.2+ | Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | X |
| 32.1+ | Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | X |
| 101.INS | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document. | | | | X |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | | | | X |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document | | | | X |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document | | | | X |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document | | | | X |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | | X |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) | | | | X |

+ This certification accompanies the Quarterly Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed "filed" by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CARGO Therapeutics, Inc.

Date: December 13, 2023

By: _____ /s/ Gina Chapman
Gina Chapman
Chief Executive Officer

Date: December 13, 2023

By: _____ /s/ Anup Radhakrishnan
Anup Radhakrishnan
Chief Financial Officer

LEASE AGREEMENT

THIS LEASE AGREEMENT (this “**Lease**”) is made this 11th day of December, 2023 (the “**Effective Date**”), between **ARE-SAN FRANCISCO NO. 63, LLC**, a Delaware limited liability company (“**Landlord**”), and **CARGO THERAPEUTICS, INC.**, a Delaware corporation (“**Tenant**”).

BASIC LEASE PROVISIONS

Building: 835 Industrial Road, San Carlos, California 94070

Premises: That portion of the Building, commonly known as Suites 300 and 400, comprised of the entire 3rd and 4th floor of the Building, containing approximately 99,557 rentable square feet, as determined by Landlord, as shown on **Exhibit A**.

Project: The real property on which the Building in which the Premises are located, together with all improvements thereon and appurtenances thereto as described on **Exhibit B**.

Base Rent: Initially, \$5.70 per rentable square foot of the Premises per month, subject to adjustment pursuant to Section 4 hereof.

Rentable Area of Premises: 99,557 sq. ft.

Rentable Area of Building: 248,103 sq. ft.

Rentable Area of Project: 522,729 sq. ft.

Tenant’s Share of Operating Expenses of Building: 40.13%

Building’s Share of Operating Expenses of Project: 47.46%

Security Deposit Amount: \$567,474.90

Target Commencement Date: January 1, 2024

Rent Adjustment Percentage: 3%

Base Term: Beginning on the Commencement Date and ending 87 months from the first day of the first full month following the Commencement Date. For clarity, if the Commencement Date occurs on the first day of a month, the expiration of the Base Term shall be measured from that date. If the Commencement Date occurs on a day other than the first day of a month, the expiration of the Base Term shall be measured from the first day of the following month.

Permitted Use: Research and development laboratory, related office and other related uses consistent with the character of the Project and otherwise in compliance with the provisions of Section 7 hereof.

Address for Rent Payment: Landlord’s Notice Address:

P.O. Box 975383 26 North Euclid Avenue
Dallas, TX 75397-5383 Pasadena, CA 91101
Attention: Corporate Secretary
Email: legalnotice@are.com

Tenant's Notice Address Tenant's Notice Address

Prior to Commencement Date: After Commencement Date:

900 Alameda De Las Pulgas, Suite 350, 835 Industrial Road, Suite 300
San Mateo, CA 94403 San Carlos, CA 94070
Attention: Haley Gilbert Attention: Lease Administrator
Email: hgilbert@cargo-tx.com Email: hgilbert@cargo-tx.com
and facilities@cargo-tx.com and facilities@cargo-tx.com

The following Exhibits and Addenda are attached hereto and incorporated herein by this reference:

- EXHIBIT A - PREMISES DESCRIPTION EXHIBIT B - DESCRIPTION OF PROJECT
 EXHIBIT C - WORK LETTER EXHIBIT D - COMMENCEMENT DATE
 EXHIBIT E - RULES AND REGULATIONS EXHIBIT F - TENANT'S PERSONAL PROPERTY
 EXHIBIT G – EXISTING FF&E

1. **Lease of Premises.** Upon and subject to all of the terms and conditions hereof, Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord. The portions of the Project that are for the non-exclusive use of tenants of the Project are collectively referred to herein as the “**Common Areas**.” Subject to the terms and conditions of this Lease, Tenant shall have the appurtenant right to use the Common Areas along with others having the right thereto. The Common Areas shall include, without limitation, any common amenities now or hereafter located in, on or otherwise serving the Project, if any, as may exist from time to time, as determined by Landlord in Landlord's sole and absolute discretion (each, a “**Project Amenity**” and collectively, the “**Project Amenities**”). Landlord reserves the right to modify the Common Areas, provided that such modifications do not materially adversely affect Tenant's use of or access to the Premises for the Permitted Use. From and after the Commencement Date through the expiration of the Term (as defined in Section 2), Tenant shall have access to the Building and the Premises 24 hours a day, 7 days a week, except in the case of emergencies, as the result of Legal Requirements, the performance by Landlord of any installation, maintenance or repairs required or permitted to be performed by Landlord under this Lease, or any other temporary interruptions, and otherwise subject to the terms of this Lease.

2. **Delivery; Acceptance of Premises; Commencement Date.** Landlord shall use reasonable efforts to deliver the Premises to Tenant on or before the Target Commencement Date (“**Delivery**” or “**Deliver**”). If Landlord fails to timely Deliver the Premises, Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, and this Lease shall not be void or voidable except as provided herein. Notwithstanding anything to the contrary contained herein, if Landlord fails to Deliver the Premises to Tenant by the date that is 90 days after the Target Commencement Date (as such date may be extended for delays caused by Tenant or Force Majeure (as defined in Section 34) delays, the “**Abatement Date**”), then, commencing on the first day immediately following the expiration of the Subsequent Abatement Period (as defined below), Base Rent shall be abated on a day-for-day basis for each day after the Abatement Date that Landlord failed to Deliver the Premises to Tenant. If Landlord does not Deliver the Premises within 180 days of the Target Commencement Date for any reason other than delays caused by Tenant or Force Majeure delays, this Lease may be terminated by Tenant by written notice to Landlord, and if so terminated: (a) the Security Deposit, or any balance thereof (i.e., after deducting therefrom all amounts to which Landlord is entitled under the provisions of this Lease), shall be returned to Tenant, and (b) neither Landlord nor Tenant shall have any further rights, duties or obligations under this Lease, except with respect to provisions which expressly survive termination of this Lease. If Tenant does not elect to void this Lease within 10 business days of the lapse of such 180 day period (as extended by Force Majeure delays and delays caused by Tenant) such right to void this Lease shall be waived and this Lease shall remain in full force and effect.

The “**Commencement Date**” shall be the date Landlord Delivers the Premises to Tenant. The “**Rent Commencement Date**” shall be 90 days after the Commencement Date. Upon request of Landlord, Tenant shall execute and deliver a written acknowledgment of the Commencement Date, the Rent Commencement Date and the expiration date of the Term when such are established in the form of the

“Acknowledgement of Commencement Date” attached to this Lease as **Exhibit D**; provided, however, Tenant’s failure to execute and deliver such acknowledgment shall not affect Landlord’s rights hereunder. The “**Term**” of this Lease shall be the Base Term, as defined in the Basic Lease Provisions and any Extension Terms which Tenant may exercise pursuant to Section 40 of this Lease.

During the Term, Tenant shall have the right to use all of the furniture, fixtures and equipment located within the Premises as of the Commencement Date (the “**Existing FF&E**”) and identified in further detail on **Exhibit G** attached hereto, at no additional cost or expense to Tenant. Tenant shall have no right to remove any of the Existing FF&E from the Premises without Landlord’s prior written consent and the Existing FF&E shall be returned to Landlord at the expiration or earlier termination of the Term in its the same condition as received, subject to ordinary wear and tear and casualty damage. Prior to the Commencement Date, Landlord shall remove any furniture, fixtures and equipment from the Premises which does not constitute Existing FF&E.

Provided that Tenant has delivered a certificate of insurance reflecting the insurance coverage required to be maintained by Tenant under Section 17, Landlord shall permit Tenant access to the Premises no later than December 1, 2023 for Tenant’s installation and setup of furniture, fixtures and equipment (“**FF&E Installation**”), provided that such FF&E Installation is coordinated with Landlord, and Tenant complies with the terms of this Lease and all other reasonable restrictions and conditions Landlord may reasonably impose. All such access shall be during normal business hours for the Building. Any access to the Premises by Tenant before the Commencement Date shall be subject to all of the terms and conditions of this Lease, excluding the obligation to pay Base Rent or Operating Expenses.

Except as otherwise expressly set forth in this Lease: (A) Tenant shall accept the Premises and the Existing FF&E in their condition existing as of the Commencement Date; (B) Landlord shall have no obligation for any defects in the Premises or the Existing FF&E; and (C) Tenant’s taking possession of the Premises and the Existing FF&E shall be conclusive evidence that Tenant accepts the Premises and the Existing FF&E and that the Premises and the Existing FF&E were in good condition at the time possession was taken. Nothing in this paragraph is intended to limit Landlord’s repair and maintenance obligations under Section 13 of the Lease.

Landlord shall, at its sole cost and expense (which shall not constitute an Operating Expense), be responsible for any repairs to the Building Systems (as defined in Section 13) serving the Premises of which Tenant notifies Landlord in writing within 365 calendar days after the Commencement Date, unless Tenant or any Tenant Party was responsible for the cause of such repair, in which case Tenant shall pay the cost.

Tenant agrees and acknowledges that, except as otherwise expressly set forth in this Lease, neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of all or any portion of the Premises, the Building or the Project, and/or the suitability of the Premises, the Building or the Project for the conduct of Tenant’s business, and Tenant waives any implied warranty that the Premises, the Building or the Project are suitable for the Permitted Use. This Lease constitutes the complete agreement of Landlord and Tenant with respect to the subject matter hereof and supersedes any and all prior representations, inducements, promises, agreements, understandings and negotiations that are not contained herein. Landlord in executing this Lease does so in reliance upon Tenant’s representations, warranties, acknowledgments and agreements contained herein.

3. Rent.

(a) **Base Rent.** Tenant shall deliver to Landlord, concurrent with Tenant’s delivery of an executed copy of this Lease to Landlord, the Base Rent due for the calendar month in which the day immediately following the expiration of the Subsequent Abatement Period occurs (or, if such date does not occur on the first day of a calendar month, Base Rent for the first full calendar month following the date in which the day immediately following the expiration of the Subsequent Abatement Period occurs). Tenant shall pay to Landlord in advance, without demand, abatement, deduction or set-off, monthly installments of Base Rent on or before the first day of each calendar month during the Term hereof after the expiration of the



Subsequent Abatement Period, in lawful currency of the United States of America, to the physical address designated by Landlord or by federally insured electronic fund transfer (“EFT”) via wire, Society for Worldwide Interbank Financial Communications (SWIFT) or automated clearing house (ACH) pursuant to the instructions provided by Landlord to Tenant (the “EFT Payment Instructions”). All EFT payments made by Tenant pursuant to this Section 3(a) must include a reference to ARE-San Francisco No. 63, LLC as well as the address of the Building (i.e., 835 Industrial Rd.). Payments of Base Rent for any fractional calendar month shall be prorated. Notwithstanding anything to the contrary contained herein, if the expiration of the Subsequent Abatement Period occurs on a day other than the first day of a calendar month, then Tenant shall pay to Landlord the prorated Base Rent for such partial month on the day immediately following the expiration of the Subsequent Abatement Period and the prepaid Base Rent delivered by Tenant pursuant to this first sentence of this Section 3(a) shall be applied to the first full calendar month following the expiration of the Subsequent Abatement Period. The obligation of Tenant to pay Base Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. Tenant shall have no right at any time to abate, reduce, or set-off any Rent (as defined in Section 5) due hereunder except for any abatement as may be expressly provided in this Lease.

Notwithstanding anything to the contrary contained herein, so long as Tenant is not then in Default under this Lease, Tenant shall not be required to pay Base Rent for the period commencing on the Rent Commencement Date through the date that is 365 days after the Rent Commencement Date (the “**Subsequent Abatement Period**”). Tenant shall commence paying full Base Rent on the day immediately following the expiration of the Subsequent Abatement Period. For the avoidance of doubt, Tenant shall be required to pay Operating Expenses and all other amounts payable under the Lease during the Subsequent Abatement Period.

(b) **Additional Rent.** In addition to Base Rent, Tenant agrees to pay to Landlord as additional rent (“**Additional Rent**”): (i) Tenant’s Share of “Operating Expenses” (as defined in Section 5) as provided in Section 5, and (ii) any and all other amounts Tenant assumes or agrees to pay under the provisions of this Lease, including, without limitation, any and all other sums that may become due by reason of any failure to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant, after any applicable notice and cure period. Tenant shall pay to Landlord any and all Additional Rent due hereunder by EFT in accordance with the EFT Payment Instructions. All EFT payments made by Tenant pursuant to this Section 3(b) must include a reference to ARE-San Francisco No. 63, LLC as well as the address of the Building (i.e., 835 Industrial Rd.)

4. Adjustments. Base Rent shall be increased on each annual anniversary of the Rent Commencement Date (provided, however, that if the Rent Commencement Date occurs on a day other than the first day of a calendar month, then Base Rent shall be increased on each annual anniversary of the first day of the first full calendar month immediately following the Rent Commencement Date) (each an “**Adjustment Date**”) by multiplying the Base Rent payable immediately before such Adjustment Date by the Rent Adjustment Percentage and adding the resulting amount to the Base Rent payable immediately before such Adjustment Date. Base Rent, as so adjusted, shall thereafter be due as provided herein. Base Rent adjustments for any fractional calendar month shall be prorated.

5. Operating Expense Payments.

(a) Landlord shall deliver to Tenant a written estimate of Operating Expenses for each calendar year during the Term (the “**Annual Estimate**”), which may be revised by Landlord from time to time during such calendar year. Commencing on the Rent Commencement Date, and continuing thereafter on the first day of each calendar month during the Term, Tenant shall pay Landlord an amount equal to 1/12th of Tenant’s Share of the Annual Estimate. Payments for any fractional calendar month shall be prorated.

(b) The term “**Operating Expenses**” means all costs and expenses of any kind or description whatsoever incurred or accrued each calendar year by Landlord with respect to the Building (including the Building’s Share of all costs and expenses of any kind or description incurred or accrued by Landlord with respect to the Project) including, without limitation, (1) Taxes (as defined in Section 9), (2) the cost of

upgrades to the Building or Project or enhanced services provided at the Building and/or Project which are intended to encourage social distancing, promote and protect health and physical well-being and/or intended to limit the spread of Infectious Conditions (as defined in Section 26), (3) the cost of the Project Amenities (including, without limitation, reimbursement by Landlord to affiliates of Landlord for market rent paid by such affiliates to Landlord for Project Amenities space, commercially reasonable reduced rent, commercially reasonable subsidies or other commercially reasonable concessions which Landlord may provide in connection with the Project Amenities), (4) transportation services (including costs associated with Landlord's operation of or participation in a shuttle service, if any), (5) the cost of repairs, improvements and replacements, provided that to the extent that such repairs, improvements and/or replacements are reasonably determined by Landlord in accordance with sound real estate accounting principles to be capital in nature (each, a "**Capital Expenditure**"), such costs shall be amortized over the lesser of 10 years and the useful life of such Capital Expenditure with interest at 8.5% per annum, and (6) the costs of Landlord's third party property manager or, if there is no third party property manager, administration rent in the amount of 3% of Base Rent (provided, however, that during the Subsequent Abatement Period, Tenant shall be required to pay administration rent each month equal to the amount of the administration rent that Tenant would have been required to pay in the absence of there being a Subsequent Abatement Period), excluding only:

- (i) the original construction costs of the Project and renovation prior to the Commencement Date and costs of correcting defects in such original construction or renovation;
- (ii) capital expenditures for expansion of the Project;
- (iii) interest, principal payments of Mortgage (as defined in Section 27) debts of Landlord, financing costs and amortization of funds borrowed by Landlord, whether secured or unsecured;
- (iv) depreciation of the Project (except for Capital Expenditures, the cost of which are includable in Operating Expenses);
- (v) advertising, legal and space planning expenses and leasing commissions and other costs and expenses incurred in procuring and leasing space to tenants for the Project, including any leasing office maintained in the Project, free rent and construction allowances for tenants;
- (vi) legal and other expenses incurred in the negotiation or enforcement of leases;
- (vii) completing, fixturing, improving, renovating, painting, redecorating or other work, which Landlord pays for or performs for other tenants within their premises, and costs of correcting defects in such work;
- (viii) costs to be reimbursed by other tenants of the Project or Taxes to be paid directly by Tenant or other tenants of the Project, whether or not actually paid;
- (ix) salaries, wages, benefits and other compensation paid to officers and employees of Landlord who are not assigned in whole or in part to the operation, management, maintenance or repair of the Project;
- (x) costs incurred for off-site offices or facilities maintained in connection with the management, operation, engineering, sustainability, Utility and/or security services provided to the Project and other properties owned by Landlord or affiliates of Landlord, except to the extent of the Project's share of such costs as proportionately allocated among the Project and such other properties owned by Landlord or affiliates of Landlord served by such off-site offices or facilities;
- (xi) general organizational, administrative and overhead costs relating to maintaining Landlord's existence, either as a corporation, partnership, or other entity, including general corporate, legal and accounting expenses;

(xii) costs (including attorneys' fees and costs of settlement, judgments and payments in lieu thereof) incurred in connection with disputes with tenants, other occupants, or prospective tenants, and costs and expenses, including legal fees, incurred in connection with negotiations or disputes with employees, consultants, management agents, leasing agents, purchasers or mortgagees of the Building;

(xiii) costs incurred by Landlord due to the violation by Landlord, its employees, agents or contractors or any tenant of the terms and conditions of any lease of space in the Project or any Legal Requirement (as defined in Section 7);

(xiv) penalties, fines or interest incurred as a result of Landlord's inability or failure to make payment of Taxes and/or to file any tax or informational returns when due, or from Landlord's failure to make any payment of Taxes required to be made by Landlord hereunder before delinquency;

(xv) overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in or to the Project to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis;

(xvi) costs of Landlord's charitable or political contributions, or of fine art maintained at the Project;

(xvii) costs in connection with services or items which are not available to all tenants of the Project and which are not available to Tenant without specific charges therefor, but which are provided to another tenant or occupant of the Project, whether or not such other tenant or occupant is specifically charged therefor by Landlord;

(xviii) costs incurred in the sale or refinancing of the Project;

(xix) net income taxes of Landlord or the owner of any interest in the Project or franchise, capital stock, gift, estate or inheritance taxes or any federal, state or local documentary taxes imposed against the Project or any portion thereof or interest therein (except to the extent such taxes are in substitution for any Taxes payable hereunder);

(xx) costs arising from the gross negligence or willful misconduct of Landlord or its agents, and employees;

(xxi) any costs to remove, study, test or remediate, or otherwise related to the presence of Hazardous Materials in or about the Building or the Project for which Tenant is not responsible under this Lease;

(xxii) any item that, if included in Operating Expenses, would involve a double collection for such item by Landlord; and

(xxiii) any expenses otherwise includable within Operating Expenses to the extent actually reimbursed by persons other than tenants of the Project under leases for space in the Project.

For the avoidance of doubt, Tenant shall not be obligated to pay any Operating Expenses prior to the Rent Commencement Date. In addition, notwithstanding anything to the contrary contained in this Lease, Operating Expenses incurred or accrued by Landlord with respect to any Capital Expenditures that are reasonably expected by Landlord to reduce overall Operating Expenses (for example, without limitation, by reducing energy usage at the Project) (the "**Energy Savings Costs**") shall be amortized over a period of years equal to the least of (A) 10 years, (B) the useful life of such Capital Expenditures, and (C) the quotient of (i) the Energy Savings Costs, divided by (ii) the annual amount of Operating Expenses reasonably expected by Landlord to be saved as a result of such Capital Expenditures.

(c) Within 90 days after the end of each calendar year (or such longer period as may be reasonably required), Landlord shall furnish to Tenant a statement for the previous calendar year (an “**Annual Statement**”) showing in reasonable detail: (i) the total Operating Expenses, (ii) Tenant’s Share of Operating Expenses, and (iii) the total amount of Operating Expenses actually paid by Tenant. If Tenant’s Share of Operating Expenses for such calendar year exceeds the total amount of Operating Expenses actually paid by Tenant for such calendar year, then the excess shall be due and payable by Tenant as Rent within 30 days after delivery of such Annual Statement to Tenant. If the total amount of Operating Expenses actually paid by Tenant for such calendar year exceeds the amount of Tenant’s Share of Operating Expenses for such calendar year, then Landlord shall pay the excess to Tenant within 30 days after delivery of such Annual Statement, except that after the expiration or earlier termination of the Term, or if Tenant is delinquent in its obligation to pay Rent, Landlord shall pay the excess to Tenant after deducting all other amounts due Landlord. Landlord’s and Tenant’s obligations to pay any overpayments or deficiencies due pursuant to this paragraph shall survive the expiration or earlier termination of this Lease.

(d) The Annual Statement shall be final and binding upon Tenant unless Tenant, within 60 days after Landlord’s delivery to Tenant of the Annual Statement, shall contest any item therein by giving written notice to Landlord, specifying each item contested and the reason therefor. If, during such 60 day period, Tenant reasonably and in good faith questions or contests the accuracy of Landlord’s statement of Tenant’s Share of Operating Expenses, Landlord will provide Tenant with access to Landlord’s books and records relating to the operation of the Project and such information as Landlord reasonably determines to be responsive to Tenant’s questions (the “**Expense Information**”). If after Tenant’s review of such Expense Information, Landlord and Tenant cannot agree upon the amount of Tenant’s Share of Operating Expenses, then Tenant shall have the right to have a regionally or nationally recognized independent public accounting firm selected by Tenant and approved by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed), working pursuant to a fee arrangement other than a contingent fee (at Tenant’s sole cost and expense), audit and/or review the Expense Information for the calendar year in question (the “**Independent Review**”). The results of any such Independent Review shall be binding on Landlord and Tenant. If the Independent Review shows that the payments actually made by Tenant with respect to Operating Expenses for the calendar year in question exceeded Tenant’s Share of Operating Expenses for such calendar year, Landlord shall at Landlord’s option either (i) credit the excess amount to the next succeeding installments of estimated Operating Expenses or (ii) pay the excess to Tenant within 30 days after delivery of such statement, except that after the expiration or earlier termination of this Lease or if Tenant is delinquent in its obligation to pay Rent, Landlord shall pay the excess to Tenant after deducting all other amounts due Landlord. If the Independent Review shows that Tenant’s payments with respect to Operating Expenses for such calendar year were less than Tenant’s Share of Operating Expenses for the calendar year, Tenant shall pay the deficiency to Landlord within 30 days after delivery of such statement. If the Independent Review shows that Tenant has overpaid with respect to Operating Expenses by more than 5% then Landlord shall reimburse Tenant for all actual, out-of-pocket costs incurred by Tenant for the Independent Review. Tenant shall not disclose the results of any Independent Review to any third parties; provided, however, that Tenant may disclose such information to Tenant’s employees, attorneys and accountants in connection with Tenant’s business at the Premises or if required in connection with any dispute resolution proceeding between Landlord and Tenant.

(e) Operating Expenses for the calendar years in which Tenant’s obligation to share therein begins and ends shall be prorated. Notwithstanding anything set forth herein to the contrary, if the Building is not at least 95% occupied on average during any year of the Term, Tenant’s Share of Operating Expenses for such year shall be computed as though the Building had been 95% occupied on average during such year.

(f) “**Tenant’s Share**” shall be the percentage set forth on the first page of this Lease as “Tenant’s Share of Operating Expenses of Building,” and “**Building’s Share**” shall be the percentage set forth on the first page of this Lease as “Building’s Share of Operating Expenses of Project,” each as may be reasonably adjusted by Landlord for changes in the physical size of the Building and/or Project occurring thereafter. The rentable area of the Premises shall not be subject to re-measurement by either party during the Term. Landlord may equitably increase Tenant’s Share for any Operating Expenses that relate to any item of expense or cost (1) equitably and reasonably allocated only to the Premises or the Building, (2) equitably



and reasonably allocated to only a portion of the Building or Project that includes the Premises, or (3) a greater proportion of which is equitably and reasonably allocated to the Premises, or a portion of the Building or Project that includes the Premises, as reasonably determined by Landlord. Landlord may equitably increase the Building's Share for any Operating Expenses that relate to any items of expense or cost (A) equitably and reasonably allocated to only the Building or a portion of the Project that includes the Building, or (B) a greater proportion of which is equitably and reasonably allocated to the Building or a portion of the Project that includes the Building, as reasonably determined by Landlord. Base Rent, Tenant's Share of Operating Expenses and all other amounts payable by Tenant to Landlord hereunder are collectively referred to herein as "**Rent**."

6. Security Deposit. Within 10 days after the mutual execution and delivery of this Lease by the parties, Tenant shall deliver to Landlord a security deposit (the "**Security Deposit**") for the performance of all of Tenant's obligations hereunder in the Security Deposit Amount set forth in the Basic Lease Provisions, which Security Deposit shall be in the form of an unconditional and irrevocable letter of credit (the "**Letter of Credit**"): (i) in form and substance reasonably satisfactory to Landlord, (ii) naming Landlord as beneficiary, (iii) expressly allowing Landlord to draw upon it at any time from time to time by delivering to the issuer notice that Landlord is entitled to draw thereunder, (iv) issued by an FDIC-insured financial institution reasonably satisfactory to Landlord, and (v) redeemable by presentation of a sight draft in the state of Landlord's choice, or by facsimile or overnight guaranty courier. The Security Deposit shall be held by Landlord as security for the performance of Tenant's obligations under this Lease. The Security Deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Upon each occurrence of a Default (as defined in Section 20), Landlord may use all or any part of the Security Deposit to pay delinquent payments due under this Lease, future rent damages under California Civil Code Section 1951.2, and the cost of any damage, injury, expense or liability caused by such Default, without prejudice to any other remedy provided herein or provided by law. Landlord's right to use the Security Deposit under this Section 6 includes the right to use the Security Deposit to pay future rent damages following the termination of this Lease pursuant to Section 21(c) below. Upon any draw down on the Letter of Credit pursuant to this paragraph, Tenant shall deliver to Landlord, within 7 business days after written demand from Landlord, a new Letter of Credit complying with all of the requirements hereof (a "**Replacement Letter of Credit**") for the full Security Deposit Amount set forth in the Basic Lease Provisions. Tenant hereby waives the provisions of any law, now or hereafter in force, including, without limitation, California Civil Code Section 1950.7, which provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of Rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums reasonably necessary to compensate Landlord for any other loss or damage, foreseeable or unforeseeable, caused by the act or omission of Tenant or any officer, employee, agent or invitee of Tenant. Landlord's obligation respecting the Security Deposit is that of a debtor, not a trustee, and no interest shall accrue thereon. Upon bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of Rent and other charges due Landlord for periods prior to the filing of such proceedings. If Tenant shall fully perform every provision of this Lease to be performed by Tenant, the Security Deposit, or any balance thereof (i.e., after deducting therefrom all amounts to which Landlord is entitled under the provisions of this Lease), shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within 90 days after the expiration or earlier termination of this Lease.

Tenant shall deliver a Replacement Letter of Credit to Landlord at least 5 days before the stated expiration date of any then current Letter of Credit for the full Security Deposit Amount set forth in the Basic Lease Provisions. If Tenant does not provide Landlord with a Replacement Letter of Credit as required pursuant to the immediately preceding sentence, Landlord shall have the right to draw the full amount of the current Letter of Credit and hold the funds drawn in cash without obligation for interest thereon as the Security Deposit until Tenant delivers a Replacement Letter of Credit to Landlord, at which time Landlord shall refund to Tenant the amount of the cash Security Deposit to Tenant less any amount applied under this Lease.

If at any time during the Term the issuer of the Letter of Credit is declared insolvent or is placed into receivership by the FDIC or any other Governmental Authority, or if the issuer is downgraded by S&P/Moody's (if the issuer is credit-rated) or the issuer's 5-year Credit Default Swap spread (as quoted, and if available on Bloomberg Professional Services) goes above 250 bps at any point during the Term, then following the delivery of written notice from Landlord to Tenant, (x) Landlord shall have the right to immediately draw the full amount of the existing Letter of Credit and hold the funds drawn in cash without obligation for interest thereon as the Security Deposit, and (y) Tenant shall have 30 days to deliver a Replacement Letter of Credit to Landlord. If Landlord is unable to draw on the existing Letter of Credit as provide for in clause (x) above then, within 5 business days after Landlord's delivery of written request to Tenant, Tenant shall deliver to Landlord cash in the Security Deposit Amount set forth in the Basic Lease Provisions as an interim Security Deposit until such time as Tenant delivers a Replacement Letter of Credit to Landlord. Upon Tenant's delivery of a Replacement Letter of Credit to Landlord, Landlord shall refund to Tenant the amount of the cash Security Deposit to Tenant less any amount applied under this Lease.

If Landlord transfers its interest in the Project or this Lease, Landlord shall transfer any Security Deposit then held by Landlord to such transferee of Landlord's interest. Upon such transfer, Landlord shall have no further obligation with respect to the Security Deposit, and Tenant's right to the return of the Security Deposit shall apply solely against Landlord's transferee.

7. Use.

(a) **Generally.** The Premises shall be used solely for the Permitted Use set forth in the Basic Lease Provisions, and in compliance with all laws, orders, judgments, ordinances, regulations, codes, directives, permits, licenses, covenants and restrictions now or hereafter applicable to the Premises, and to the use and occupancy of the Premises, including, without limitation, the Americans With Disabilities Act, 42 U.S.C. § 12101, et seq. (together with the regulations promulgated pursuant thereto, "**ADA**") (collectively, "**Legal Requirements**" and each, a "**Legal Requirement**"). Tenant shall, upon 5 business days' written notice from Landlord, discontinue any use of the Premises that is declared, in writing, by any Governmental Authority (as defined in Section 9) having jurisdiction to be a violation of a Legal Requirement. Tenant will not use or permit the Premises to be used for any purpose or in any manner that would void Tenant's or Landlord's insurance, increase the insurance risk, or cause the disallowance of any sprinkler or other credits. Tenant shall reimburse Landlord promptly upon demand for any additional premium charged for any such insurance policy by reason of Tenant's failure to comply with the provisions of this Section 7. Tenant shall not permit any part of the Premises to be used as a "place of public accommodation", as defined in the ADA or any similar Legal Requirement. Tenant will use the Premises in a careful, safe and proper manner and will not commit or permit waste, overload the floor or structure of the Premises, subject the Premises to use that would damage the Premises or obstruct or interfere with the rights of Landlord or other tenants or occupants of the Project. In no event shall Tenant conduct any auction, liquidation, or going out of business sale on the Premises, or use or allow the Premises to be used for any unlawful purpose. Tenant shall cause any equipment or machinery to be installed in the Premises so as to reasonably prevent sounds or vibrations from the Premises from extending into Common Areas, or other space in the Project. Tenant shall not place any machinery or equipment which would overload the floor in or upon the Premises or transport or move such items through the Common Areas of the Project or in the Project elevators without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed. Tenant shall not, without the prior written consent of Landlord, use the Premises in any manner that will require ventilation, air exchange, heating, gas, steam, electricity or water beyond the existing capacity of the Project as proportionately allocated to the Premises based upon Tenant's Share as usually furnished for the Permitted Use.

(b) **Compliance.** Landlord shall be responsible, at Landlord's cost (i) for the compliance of the Premises with Legal Requirements (including the ADA) as of the Commencement Date, and (ii) for the compliance of the Common Areas of the Project with Legal Requirements (including the ADA) as of the Commencement Date. Following the Commencement Date, Landlord shall make any alterations or modifications to the Common Areas or the exterior of the Building that are required by Legal Requirements and the cost of such alterations or modifications shall (x) constitute an Operating Expense (to the extent

such Legal Requirement is generally applicable to similar buildings in the area in which the Project is located), or (y) be at Tenant's expense (to the extent such Legal Requirement is triggered by reason of Tenant's, as compared to other tenants of the Project, particular use of the Premises or Alterations (as defined in Section 12 below)). Except as otherwise expressly provided in the 2 immediately preceding sentences, Tenant, at its sole expense, shall make any alterations or modifications to the Premises that are required by Legal Requirements (including, without limitation, compliance of the Premises with the ADA) related to Tenant's use or occupancy of the Premises and any Alterations. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for any and all Claims (as defined in Section 16) arising out of or in connection with Legal Requirements, and Tenant shall indemnify, defend, hold and save Landlord harmless from and against any and all Claims arising out of or in connection with any failure of the Premises to comply with any Legal Requirement.

(c) **Sustainability.** Tenant acknowledges that Landlord may, but shall not be obligated to, seek to obtain Leadership in Energy and Environmental Design (LEED), WELL Building Standard, or other similar "green" certification with respect to the Project and/or the Premises, and Tenant agrees, at no material cost to Tenant, to reasonably cooperate with Landlord, and to provide such information and/or documentation as Landlord may reasonably request, in connection therewith.

8. **Holding Over.** If Tenant remains in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Landlord, (a) Tenant shall become a tenant at sufferance upon the terms of this Lease except that the monthly rental shall be equal to (i) 150% of Base Rent in effect during the last 30 days of the Term, plus (ii) Tenant's Share of Operating Expenses, plus (iii) all other amounts payable by Tenant under this Lease, and (b) Tenant shall be responsible for all damages suffered by Landlord resulting from or occasioned by Tenant's holding over including, without limitation, consequential damages. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease except as otherwise expressly provided, and this Section 8 shall not be construed as consent for Tenant to retain possession of the Premises. Acceptance by Landlord of Rent after the expiration of the Term or earlier termination of this Lease shall not result in a renewal or reinstatement of this Lease.

9. **Taxes.** Landlord shall pay, as part of Operating Expenses, all taxes, levies, fees, assessments and governmental charges of any kind, existing as of the Commencement Date or thereafter enacted (collectively referred to as "**Taxes**"), imposed by any federal, state, regional, municipal, local or other governmental authority or agency, including, without limitation, quasi-public agencies (collectively, "**Governmental Authority**") during the Term, including, without limitation, all Taxes: (a) imposed on or measured by or based, in whole or in part, on rent payable to (or gross receipts received by) Landlord under this Lease and/or from the rental by Landlord of the Project or any portion thereof, or (b) based on the square footage, assessed value or other measure or evaluation of any kind of the Premises or the Project, or (c) assessed or imposed by or on the operation or maintenance of any portion of the Premises or the Project, including parking, or (d) assessed or imposed by, or at the direction of, or resulting from Legal Requirements, or interpretations thereof, promulgated by any Governmental Authority, or (e) imposed as a license or other fee, charge, tax, or assessment on Landlord's business or occupation of leasing space in the Project. Landlord may contest by appropriate legal proceedings the amount, validity, or application of any Taxes or liens securing Taxes. If any such Taxes are levied or assessed directly against Tenant, then Tenant shall be responsible for and shall pay the same at such times and in such manner as the taxing authority shall require. Tenant shall pay, prior to delinquency, any and all Taxes levied or assessed against any personal property or trade fixtures placed by Tenant in the Premises, whether levied or assessed against Landlord or Tenant. If any Taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property, or if the assessed valuation of the Project is increased by a value attributable to improvements in or alterations to the Premises, whether owned by Landlord or Tenant and regardless of whether such improvements or alterations are affixed to the real property so as to become a part thereof, higher than the base valuation on which Landlord from time-to-time allocates Taxes to all tenants in the Project, Landlord shall have the right, but not the obligation, to pay such Taxes. Landlord's determination of any excess assessed valuation shall be binding and conclusive, absent manifest error. The amount of any such payment by Landlord shall constitute Additional Rent due from Tenant to Landlord

within 30 days after Landlord's written demand. Taxes shall not include (a) any net income taxes of Landlord or the owner of any interest in the Project or franchise, capital stock, gift, estate or inheritance taxes or any federal, state or local documentary taxes imposed against the Project or any portion thereof or interest therein (except to the extent such taxes are in substitution for any Taxes payable hereunder), or (b) any penalties, fines or interest incurred as a result of Landlord's inability or failure to make payment of Taxes and/or to file any tax or informational returns when due, or from Landlord's failure to make any payment of Taxes required to be made by Landlord hereunder before delinquency.

10. Parking. Subject to all applicable Legal Requirements, Force Majeure, a Taking (as defined in Section 19 below) and the exercise by Landlord of its rights hereunder, Tenant shall have the right, in common with other tenants of the Project pro rata in accordance with the rentable area of the Premises and the rentable areas of the Project occupied by such other tenants, to park in those areas designated for non-reserved parking, subject in each case to Landlord's rules and regulations. As of the Commencement Date, Tenant's pro rata share of parking shall be approximately 2.6 parking spaces per 1,000 rentable square feet of the Premises. Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties, including other tenants of the Project.

11. Utilities; Services.

(a) **Generally.** Landlord shall provide or cause to be provided to the Premises, subject to the terms of this Section 11, (i) water, (ii) electricity (including lights and plugs), (iii) heat, ventilation and air conditioning (collectively, "**HVAC**"), (iv) power, and (v) sewer (collectively, "**Utilities**"). Landlord shall pay, as Operating Expenses or subject to Tenant's direct reimbursement obligation as provided for below, for all Utilities used on the Premises, all maintenance charges for Utilities, and any storm sewer charges or other similar charges for Utilities imposed by any Governmental Authority or Utility provider, and any Taxes, penalties, surcharges or similar charges thereon. Landlord may cause, at Landlord's expense (except to the extent necessary as a result of Tenant's disproportionate use of Utilities in which case Tenant shall pay the cost), any Utilities to be separately metered with respect to the Premises or charged directly to Tenant by the provider with respect to Tenant's use in the Premises. Tenant shall pay directly to the Utility provider, prior to delinquency, any separately metered Utilities and services (which may include, among other Utilities and services, telephone and internet service) which may be furnished to Tenant or the Premises during the Term. Tenant shall pay, as part of Operating Expenses, its share of all charges for jointly metered Utilities based upon consumption, as reasonably determined by Landlord. No interruption or failure of Utilities from any cause whatsoever shall result in eviction or constructive eviction of Tenant, termination of this Lease or, except as otherwise provided in the immediately following paragraph, the abatement of Rent. Tenant agrees to limit use of water and sewer with respect to Common Areas to normal restroom use.

Notwithstanding anything to the contrary set forth herein, if (i) a stoppage of a Utility Service (as defined below) to the Premises shall occur and such stoppage is due solely to the gross negligence or willful misconduct of Landlord and not due in any part to any act or omission on the part of Tenant or any Tenant Party or any matter beyond Landlord's reasonable control (any such stoppage of a Utility Service being hereinafter referred to as a "**Service Interruption**"), and (ii) such Service Interruption continues for more than 5 consecutive business days after Landlord shall have received written notice thereof from Tenant, and (iii) as a result of such Service Interruption, the conduct of Tenant's normal operations in the Premises are materially and adversely affected, then there shall be an abatement of one day's Base Rent for each day during which such Service Interruption continues after such 5 business day period; provided, however, that if any part of the Premises is reasonably useable for Tenant's normal business operations or if Tenant conducts all or any part of its operations in any portion of the Premises notwithstanding such Service Interruption, then the amount of each daily abatement of Base Rent shall only be proportionate to the nature and extent of the interruption of Tenant's normal operations or ability to use the Premises. The rights granted to Tenant under this paragraph shall be Tenant's sole and exclusive remedy resulting from a failure of Landlord to provide services, and Landlord shall not otherwise be liable for any loss or damage suffered or sustained by Tenant resulting from any failure or cessation of services. For purposes hereof, the term "**Utility Service**" shall mean the following services: HVAC service, water, sewer and electricity,



but in each case only to the extent that Landlord has an obligation to provide same to Tenant under this Lease.

(b) **Janitorial Services.** Landlord shall, as part of Operating Expenses, provide or cause to be provided with respect to the Common Areas only, refuse and trash collection and janitorial services. Tenant shall be responsible for contracting directly with a vendor reasonably acceptable to Landlord and paying for its own janitorial services for the Premises.

(c) **Emergency Generator.** Landlord's sole obligation for either providing emergency generators or providing emergency back-up power to Tenant shall be: (i) to provide emergency generators with not less than the capacity of the emergency generators located in the Building as of the Commencement Date, and (ii) to contract with a third party to maintain the emergency generators as per the manufacturer's standard maintenance guidelines. Except as otherwise provided in the immediately preceding sentence, Landlord shall have no obligation to provide Tenant with operational emergency generators or back-up power or to supervise, oversee or confirm that the third party maintaining the emergency generators is maintaining the generators as per the manufacturer's standard guidelines or otherwise. Notwithstanding anything to the contrary contained herein, Landlord shall, at least once per calendar quarter as part of the maintenance of the Building, run the emergency generator for a period reasonably determined by Landlord for the purpose of determining whether it operates when started. Landlord shall, upon written request from Tenant (not more frequently than once per calendar year), make available for Tenant's inspection the maintenance contract and maintenance records for the emergency generators for the 12 month period immediately preceding Landlord's receipt of Tenant's written request. During any period of replacement, repair or maintenance of the emergency generators when the emergency generators are not operational, including any delays thereto due to the inability to obtain parts or replacement equipment, Landlord shall have no obligation to provide Tenant with an alternative back-up generator or generators or alternative sources of back-up power. Tenant expressly acknowledges and agrees that Landlord does not guaranty that such emergency generators will be operational at all times or that emergency power will be available to the Premises when needed.

(d) **Energy Usage Data.** With respect to separately metered Utilities provided to the Premises that are paid for by Tenant directly to the Utility provider, if any, Tenant agrees to provide Landlord with access to Tenant's water and energy usage data on a monthly basis, by providing Tenant's applicable utility login credentials to Landlord's designated online portal. The costs and expenses incurred by Landlord in connection with receiving and analyzing such water and energy usage data (including, without limitation, as may be required pursuant to applicable Legal Requirements) shall be included as part of Operating Expenses.

12. Alterations and Tenant's Property.

(a) Any alterations, additions, or improvements made to the Premises by or on behalf of Tenant, including additional locks or bolts of any kind or nature upon any doors or windows in the Premises, but excluding installation, removal or realignment of furniture systems (other than removal of furniture systems owned or paid for by Landlord) not involving any modifications to the structure or connections (other than by ordinary plugs or jacks) to Building Systems (as defined in [Section 13](#)) ("**Alterations**") shall be subject to Landlord's prior written consent, which may be given or withheld in Landlord's sole discretion if any such Alteration affects the Building structure or Building Systems and shall not be otherwise unreasonably withheld, conditioned or delayed. Tenant may, subject to this terms of this [Section 12](#), construct nonstructural Alterations in the Premises without Landlord's prior approval if the aggregate cost of all such work in any 12 month period does not exceed \$50,000.00 (a "**Notice-Only Alteration**"), provided Tenant notifies Landlord in writing of such intended Notice-Only Alteration, and such notice shall be accompanied by plans, specifications, work contracts and such other information concerning the nature and cost of the Notice-Only Alteration as may be reasonably requested by Landlord, which notice and accompanying materials shall be delivered to Landlord not less than 15 business days in advance of any proposed construction. If Landlord approves any Alterations, Landlord may impose such conditions on Tenant in connection with the commencement, performance and completion of Alterations, including Notice-Only

Alterations, as Landlord may deem appropriate in Landlord's reasonable discretion. Any request for approval of an Alteration shall be in writing, delivered not less than 15 business days in advance of any proposed construction, and accompanied by plans, specifications, bid proposals, work contracts and such other information concerning the nature and cost of the alterations as may be reasonably requested by Landlord, including the identities and mailing addresses of all persons performing work or supplying materials. Landlord's right to review plans and specifications and to monitor construction shall be solely for its own benefit, and Landlord shall have no duty to ensure that such plans and specifications or construction comply with applicable Legal Requirements. Tenant shall cause, at its sole cost and expense, all Alterations to comply with applicable insurance requirements and applicable Legal Requirements, and shall, subject to Section 7, implement at its sole cost and expense any alteration or modification required by Legal Requirements as a result of any Alterations. Other than in connection with Notice-Only Alterations, Tenant shall pay to Landlord, as Additional Rent, on demand an amount equal to 3% of all hard costs incurred by Tenant or its contractors or agents in connection with any Alteration to cover Landlord's overhead and expenses for plan review, coordination, scheduling and supervision. Before Tenant begins any Alteration, Landlord may post on and about the Premises notices of non-responsibility pursuant to applicable law. Tenant shall reimburse Landlord for, and indemnify and hold Landlord harmless from, any expense incurred by Landlord by reason of faulty work done by Tenant or its contractors, delays caused by such work, or inadequate cleanup.

(b) Upon Landlord's written request, Tenant shall furnish security or make other arrangements satisfactory to Landlord to assure payment for the completion of all Alterations work free and clear of liens. With respect to all Alterations, Tenant shall provide (and cause each contractor or subcontractor to provide) certificates of insurance for workers' compensation and other coverage in amounts and from an insurance company satisfactory to Landlord protecting Landlord against liability for personal injury or property damage during construction. Upon completion of any Alterations, Tenant shall deliver to Landlord: (i) sworn statements setting forth the names of all contractors and subcontractors who did the work and final lien waivers from all such contractors and subcontractors; and (ii) "as built" plans for any such Alteration.

(c) Other than (i) the items, if any, listed on **Exhibit F** attached hereto, (ii) any items agreed by Landlord in writing to be included on **Exhibit F** in the future, and (iii) any trade fixtures, machinery, equipment and other personal property not paid for all or in part by Landlord that may be removed without material damage to the Premises, which damage shall be repaired (including capping or terminating utility hook-ups behind walls) by Tenant during the Term (collectively, "**Tenant's Property**"), all Alterations, all fixtures, and all partitions, hardware, built-in machinery, built-in casework and cabinets and other similar additions, equipment, property and improvements built into the Premises so as to become an integral part of the Premises, including, without limitation, fume hoods that penetrate the roof or plenum area, built-in cold rooms, built-in warm rooms, walk-in cold rooms, walk-in warm rooms, clean rooms, deionized water systems, glass washing equipment, autoclaves, chillers, built-in plumbing, electrical and mechanical equipment and systems, and any power generator and transfer switch (collectively, "**Installations**") shall be and shall remain the property of Landlord during the Term and following the expiration or earlier termination of the Term, shall not be removed by Tenant at any time during the Term and shall remain upon and be surrendered with the Premises as a part thereof in accordance with Section 28 upon the expiration or earlier termination of this Lease. Notwithstanding the foregoing, Landlord may, at the time its approval of any such Installation is requested, or at the time it receives notice of a Notice-Only Alteration, notify Tenant in writing that Landlord requires that Tenant remove such Installation upon the expiration or earlier termination of the Term, in which event Tenant shall remove such Installation in accordance with the immediately succeeding sentence. If Landlord so elects, Tenant shall remove such Installation upon the expiration or earlier termination of this Lease and restore any damage caused by or occasioned as a result of such removal, including, when removing any of Tenant's Property that was plumbed, wired or otherwise connected to any of the Building Systems, capping off all such connections behind the walls of the Premises and repairing any holes. Any restoration period beyond the expiration or earlier termination of the Term shall constitute a hold over pursuant to Section 8. If Landlord is requested by Tenant or any lender, lessor or other person or entity claiming an interest in any of Tenant's Property to waive any lien Landlord may have against any of Tenant's Property, and Landlord consents to such waiver, then Landlord shall be

entitled to reimbursement from Tenant for its actual, reasonable out-of-pocket costs incurred in connection with the preparation and negotiation of each such waiver of lien.

13. Landlord's Repairs. Landlord, as part of Operating Expenses, shall maintain (a) all of the structural, exterior, parking and other Common Areas of the Project, including, without limitation, the roof (and roof membrane), and (b) all Building systems serving both the Premises and other portions of the Project including, without limitation, HVAC, plumbing, fire sprinklers, elevators ("**Building Systems**"), in good repair, reasonable wear and tear and uninsured losses and damages caused by Tenant, or by any of Tenant's assignees, sublessees, licensees, agents, servants, employees, invitees and contractors (or any of Tenant's assignees, sublessees and/or licensees respective agents, servants, employees, invitees and contractors) (collectively, "**Tenant Parties**") excluded. Losses and damages caused by Tenant or any Tenant Party shall be repaired by Landlord, to the extent not covered by insurance, at Tenant's sole cost and expense. Landlord reserves the right to stop Building Systems services when necessary (i) by reason of accident or emergency, or (ii) for planned repairs, alterations or improvements, which are, in the judgment of Landlord, desirable or necessary to be made, until such repairs, alterations or improvements shall have been completed. Landlord shall have no responsibility or liability for failure to supply Building Systems services during any such period of interruption; provided, however, that Landlord shall, except in case of emergency, make a commercially reasonable effort to give Tenant 5 business days' advance notice of any planned stoppage of Building Systems services for routine maintenance, repairs, alterations or improvements. Landlord shall use reasonable efforts to minimize interference with Tenant's operations in the Premises in connection with the stoppage of Building Systems pursuant to this Section 13. Tenant shall, to the extent that Tenant has actual knowledge thereof, promptly give Landlord written notice of any repair required by Landlord pursuant to this paragraph, after which Landlord shall make a commercially reasonable effort to effect such repair. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after Tenant's written notice of the need for such repairs or maintenance. Tenant waives its rights under any state or local law to terminate this Lease or to make such repairs at Landlord's expense and agrees that the parties' respective rights with respect to such matters shall be solely as set forth herein. Repairs required as the result of fire, earthquake, flood, vandalism, war, or similar cause of damage or destruction shall be controlled by Section 18.

14. Tenant's Repairs. Subject to Section 13 hereof, Tenant, at its expense, shall repair, replace and maintain in good condition all portions of the Premises, including, without limitation, entries, doors, ceilings, interior windows, interior walls, and the interior side of demising walls. Should Tenant fail to make any such repair or replacement or fail to maintain the Premises, Landlord shall give Tenant notice of such failure. If Tenant fails to commence cure of such failure within 10 business days of Landlord's notice, and thereafter diligently prosecute such cure to completion, Landlord may perform such work and shall be reimbursed by Tenant within 30 days after demand therefor; provided, however, that if such failure by Tenant creates or could create an emergency, Landlord may immediately commence cure of such failure and shall thereafter be entitled to recover the costs of such cure from Tenant. Subject to Sections 17 and 18, Tenant shall bear the full uninsured cost of any repair or replacement to any part of the Project that results from damage caused by Tenant or any Tenant Party and any repair that benefits only the Premises.

15. Mechanic's Liens. Tenant shall fully discharge of record from title or from the public record, by bond or otherwise, any mechanic's lien filed against the Premises or against the Project for work claimed to have been done for, or materials claimed to have been furnished to, Tenant within 10 business days after Tenant receives notice of the filing thereof, at Tenant's sole cost and shall otherwise keep the Premises and the Project free from any liens arising out of work performed, materials furnished or obligations incurred by Tenant. Should Tenant fail to fully discharge of record any lien described herein, Landlord shall have the right, but not the obligation, to pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title to the Project and the costs incurred by Landlord in connection therewith shall be immediately due from Tenant as Additional Rent. If Tenant shall lease or finance the acquisition of office equipment, furnishings, or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code Financing Statement filed as a matter of public record by any lessor or creditor of Tenant will upon

its face or by exhibit thereto indicate that such Financing Statement is applicable only to removable personal property of Tenant located within the Premises. In no event shall the address of the Project be furnished on the statement without qualifying language as to applicability of the lien only to removable personal property, located in the suite number designated to the Premises in the Basic Lease Provisions.

16. Indemnification. Tenant hereby indemnifies and agrees to defend, save and hold Landlord, its officers, directors, employees, managers, members, partners, agents, sub-agents, constituent entities and lease signators (collectively, “**Landlord Indemnified Parties**”) harmless from and against any and all demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages or judgments, and all reasonable expenses incurred in investigating or resisting the same (including, without limitation, reasonable attorneys’ fees, charges and disbursements and costs of suit) (collectively, “**Claims**”) for injury or death to persons or damage to property occurring within or about the Premises or the Project arising directly or indirectly out of the use or occupancy of the Premises or the Project by Tenant or any Tenant Parties (including, without limitation, any act, omission or neglect by Tenant or any Tenant’s Parties in or about the Premises or at the Project) or a breach or default by Tenant in the performance of any of its obligations hereunder, unless caused solely by the willful misconduct or gross negligence of Landlord Indemnified Parties. Landlord shall not be liable to Tenant for, and Tenant assumes all risk of damage to, personal property (including, without limitation, loss of records kept within the Premises). Tenant further waives any and all Claims for injury to Tenant’s business or loss of income relating to any such damage or destruction of personal property (including, without limitation, any loss of records). Landlord Indemnified Parties shall not be liable for any damages arising from any act, omission or neglect of any tenant in the Project or of any other third party or Tenant Parties.

The provisions of this Section 16 shall survive the expiration or earlier termination of the Lease.

17. Insurance. Landlord shall maintain all risk property and, if applicable, sprinkler damage insurance covering the full replacement cost of the Project. Landlord shall further procure and maintain commercial general liability insurance with a single loss limit of not less than \$2,000,000 for bodily injury and property damage with respect to the Project. Landlord may, but is not obligated to, maintain such other insurance and additional coverages as it may deem necessary. All such insurance shall be included as part of the Operating Expenses. The Project may be included in a blanket policy (in which case the cost of such insurance allocable to the Project will be determined by Landlord based upon the insurer’s cost calculations). Tenant shall also reimburse Landlord for any increased premiums or additional insurance that Landlord reasonably deems necessary as a result of Tenant’s use of the Premises.

Tenant, at its sole cost and expense, shall maintain during the Term: all risk property insurance with business interruption and extra expense coverage, covering the full replacement cost of all property and improvements installed or placed in the Premises by Tenant at Tenant’s expense; workers’ compensation insurance with no less than the minimum limits required by law; employer’s liability insurance with employers liability limits of \$1,000,000 bodily injury by accident – each accident, \$1,000,000 bodily injury by disease – policy limit, and \$1,000,000 bodily injury by disease – each employee; and commercial general liability insurance, with a minimum limit of not less than \$3,000,000 per occurrence for bodily injury and property damage with respect to the Premises. The commercial general liability insurance maintained by Tenant shall include Alexandria Real Estate Equities, Inc., and Landlord, its officers, directors, employees, managers, members, partners, agents, sub-agents, constituent entities and lease signators (collectively, “**Landlord Insured Parties**”), as additional insureds; insure on an occurrence and not a claims-made basis; be issued by insurance companies which have a rating of not less than policyholder rating of A and financial category rating of at least Class X in “Best’s Insurance Guide”; not contain a hostile fire exclusion; contain a contractual liability endorsement; and provide primary coverage to Landlord Insured Parties (any policy issued to Landlord Insured Parties providing duplicate or similar coverage shall be deemed excess over Tenant’s policies, regardless of limits). Tenant shall (i) provide Landlord with 30 days advance written notice of cancellation of such commercial general liability policy, and (ii) request Tenant’s insurer to endeavor to provide 30 days advance written notice to Landlord of cancellation of such commercial general liability policy (or 10 days in the event of a cancellation due to non-payment of premium). Certificates of insurance showing the limits of coverage required hereunder and showing the

Landlord Insured Parties and Additional Insured Parties (as defined below) as an additional insureds, shall be delivered to Landlord by Tenant (i) concurrent with Tenant's delivery to Landlord of a copy of this Lease executed by Tenant, and (ii) prior to each renewal of said insurance. Tenant's policy may be a "blanket policy" with an aggregate per location endorsement which specifically provides that the amount of insurance shall not be prejudiced by other losses covered by the policy. Tenant shall, prior to the expiration of such policies, furnish Landlord with renewal certificates.

Upon written request of Landlord, Tenant shall, in addition to the Landlord Insured Parties, include the following parties as additional insureds under Tenant's commercial general liability insurance (collectively, "**Additional Insured Parties**"): (i) any Holder of a Mortgage encumbering the Project or any portion thereof, (ii) the landlord under any lease wherein Landlord is tenant of the real property on which the Project is located, if the interest of Landlord is or shall become that of a tenant under a ground or other underlying lease rather than that of a fee owner, and/or (iii) any management company retained by Landlord to manage the Project.

The property insurance obtained by Landlord and Tenant shall include a waiver of subrogation by the insurers and all rights based upon an assignment from its insured, against Landlord or Tenant, and their respective officers, directors, employees, managers, agents, invitees and contractors ("**Related Parties**"), in connection with any loss or damage thereby insured against. Neither party nor its respective Related Parties shall be liable to the other for loss or damage caused by any risk insured against under property insurance required to be maintained hereunder, and each party waives any claims against the other party, and its respective Related Parties, for such loss or damage. The failure of a party to insure its property shall not void this waiver. Landlord and its respective Related Parties shall not be liable for, and Tenant hereby waives all claims against such parties for, business interruption and losses occasioned thereby sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in or upon the Premises or the Project from any cause whatsoever. If the foregoing waivers shall contravene any law with respect to exculpatory agreements, the liability of Landlord or Tenant shall be deemed not released but shall be secondary to the other's insurer.

Landlord may require insurance policy limits to be raised to conform with requirements of any Holder of a Mortgage encumbering the Project or any portion thereof and/or to bring coverage limits to levels then being generally required of new tenants within the Project.

18. Restoration. If, at any time during the Term, the Project or the Premises are damaged or destroyed by a fire or other casualty, Landlord shall notify Tenant within 60 days after discovery of such damage as to the amount of time Landlord reasonably estimates it will take to restore the Project or the Premises, as applicable (the "**Restoration Period**"). If the Restoration Period is estimated to exceed 12 months (the "**Maximum Restoration Period**"), Landlord may, in such notice, elect to terminate this Lease as of the date that is 75 days after the date of discovery of such damage or destruction; provided, however, that notwithstanding Landlord's election to restore, Tenant may elect to terminate this Lease by written notice from Tenant to Landlord delivered within 10 business days of receipt of a notice from Landlord estimating a Restoration Period for the Premises longer than the Maximum Restoration Period. Unless either Landlord or Tenant so elects to terminate this Lease, Landlord shall, subject to receipt of sufficient insurance proceeds (with any deductible to be treated as a current Operating Expense), promptly restore the Premises (excluding the improvements installed by Tenant or by Landlord and paid for by Tenant), subject to delays arising from the collection of insurance proceeds, from Force Majeure events or as needed to obtain any license, clearance or other authorization of any kind required to enter into and restore the Premises issued by any Governmental Authority having jurisdiction over the use, storage, handling, treatment, generation, release, disposal, removal or remediation of Hazardous Materials (as defined in Section 30) in, on or about the Premises (collectively referred to herein as "**Hazardous Materials Clearances**"); provided, however, that if repair or restoration of the Premises is not substantially complete as of the end of the Maximum Restoration Period or, if longer, the Restoration Period, Landlord may, in its sole and absolute discretion, elect not to proceed with such repair and restoration, or Tenant may by written notice from Tenant to Landlord delivered within 10 business days of the expiration of the Maximum Restoration Period or, if longer, the Restoration Period, elect to terminate this Lease, in which event

Landlord shall be relieved of its obligation to make such repairs or restoration and this Lease shall terminate as of the date that is 75 days after the later of: (i) discovery of such damage or destruction, or (ii) the date all required Hazardous Materials Clearances are obtained, but Landlord shall retain any Rent paid and the right to any Rent payable by Tenant prior to such election by Landlord or Tenant.

Promptly following the date that Landlord makes the Premises available to Tenant for Tenant's repairs and/or restoration, Tenant shall, at Tenant's expense, promptly perform, subject to delays arising from the collection of insurance proceeds, from Force Majeure events or to obtain Hazardous Materials Clearances, all repairs or restoration (which restoration shall be performed as an Alteration in accordance with Section 12) not required to be done by Landlord and shall promptly re-enter the Premises and commence doing business in accordance with this Lease. Notwithstanding the foregoing, either Landlord or Tenant may terminate this Lease upon written notice to the other if the Premises are damaged during the last year of the Term and Landlord reasonably estimates that it will take more than 2 months to repair such damage; provided, however, that such notice is delivered within 10 business days after the date that Landlord provides Tenant with written notice of the estimated Restoration Period. Notwithstanding anything to the contrary contained herein, Landlord shall also have the right to terminate this Lease if insurance proceeds are not available for such restoration. Base Rent shall be abated from the date all required Hazardous Materials Clearances are obtained until the Premises are repaired and restored, in the proportion that the area of the Premises, if any, that is not usable by Tenant bears to the total area of the Premises, unless Landlord provides Tenant with other space during the period of repair that is suitable for the temporary conduct of Tenant's business. In the event that no Hazardous Materials Clearances are required to be obtained by Tenant with respect to the Premises, Base Rent shall be abated commencing on the date of discovery of the damage or destruction. Such abatement shall be the sole remedy of Tenant, and except as provided in this Section 18, Tenant waives any right to terminate this Lease by reason of damage or casualty loss.

The provisions of this Lease, including this Section 18, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, or any other portion of the Project, and any statute or regulation that is now or may hereafter be in effect shall have no application to this Lease or any damage or destruction to all or any part of the Premises or any other portion of the Project, the parties hereto expressly agreeing that this Section 18 sets forth their entire understanding and agreement with respect to such matters.

19. Condemnation. If the whole or any material part of the Premises or the Project is taken for any public or quasi-public use under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof (a "**Taking**" or "**Taken**"), and the Taking would either prevent or materially interfere with Tenant's use of the Premises or materially interfere with or impair Landlord's ownership or operation of the Project, then upon written notice by Landlord or Tenant to the other this Lease shall terminate and Rent shall be apportioned as of such date. If part of the Premises shall be Taken, and this Lease is not terminated as provided above, Landlord shall promptly restore the Premises and the Project as nearly as is commercially reasonable under the circumstances to their condition prior to such partial Taking and the rentable square footage of the Building, the rentable square footage of the Premises, Tenant's Share of Operating Expenses and the Rent payable hereunder during the unexpired Term shall be reduced to such extent as may be fair and reasonable under the circumstances. Upon any such Taking, Landlord shall be entitled to receive the entire price or award from any such Taking without any payment to Tenant, and Tenant hereby assigns to Landlord Tenant's interest, if any, in such award. Tenant shall have the right, to the extent that same shall not diminish Landlord's award, to make a separate claim against the condemning authority (but not Landlord) for such compensation as may be separately awarded or recoverable by Tenant for moving expenses and damage to Tenant's trade fixtures, if a separate award for such items is made to Tenant. Tenant hereby waives any and all rights it might otherwise have pursuant to any provision of state law to terminate this Lease upon a partial Taking of the Premises or the Project.

20. Events of Default. Each of the following events shall be a default ("**Default**") by Tenant under this Lease:

(a) **Payment Defaults.** Tenant shall fail to pay any installment of Rent or any other payment hereunder when due; provided, however, that Landlord will give Tenant notice and an opportunity to cure any failure to pay Rent within 5 business days of any such notice not more than once in any 12 month period and Tenant agrees that such notice shall be in lieu of and not in addition to, or shall be deemed to be, any notice required by law.

(b) **Insurance.** Any insurance required to be maintained by Tenant pursuant to this Lease shall be canceled or terminated or shall expire or shall be reduced or materially changed, or Landlord shall receive a notice of nonrenewal of any such insurance and Tenant shall fail to obtain replacement insurance at least 5 days before the expiration of the current coverage.

(c) **Abandonment.** Tenant shall abandon the Premises. Tenant shall abandon the Premises for a period in excess of 180 days (for any reason other than a casualty, condemnation, a Force Majeure event or in connection with Alterations performed at the Premises). Tenant shall not be deemed to have abandoned the Premises if Tenant provides Landlord with reasonable advance notice prior to vacating and, at the time of vacating the Premises, (i) Tenant completes Tenant's obligations under the Decommissioning and HazMat Closure Plan in compliance with Section 28, (ii) Tenant has obtained the release of the Premises of all Hazardous Materials Clearances and the Premises are free from any residual impact from the Tenant HazMat Operations and provides reasonably detailed documentation to Landlord confirming such matters, (iii) Tenant has made reasonable arrangements with Landlord for the security of the Premises for the balance of the Term, and (iv) Tenant continues during the balance of the Term to satisfy and perform all of Tenant's obligations under this Lease as they come due.

(d) **Improper Transfer.** Tenant shall assign, sublease or otherwise transfer or attempt to transfer all or any portion of Tenant's interest in this Lease or the Premises except as expressly permitted herein, or Tenant's interest in this Lease shall be attached, executed upon, or otherwise judicially seized and such action is not released within 90 days of the action.

(e) **Liens.** Tenant shall fail to fully discharge or record or otherwise obtain the release of any lien placed upon the Premises in violation of this Lease within 10 business days after any such lien is filed against the Premises.

(f) **Insolvency Events.** Tenant or any guarantor or surety of Tenant's obligations hereunder shall: (A) make a general assignment for the benefit of creditors; (B) commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any substantial part of its property (collectively a "**Proceeding for Relief**"); (C) become the subject of any Proceeding for Relief that is not dismissed within 90 days of its filing or entry; or (D) die or suffer a legal disability (if Tenant, guarantor, or surety is an individual) or be dissolved or otherwise fail to maintain its legal existence (if Tenant, guarantor or surety is a corporation, partnership or other entity).

(g) **Estoppel Certificate or Subordination Agreement.** Tenant fails to execute any document required from Tenant under Sections 23 or 27 within 5 days after a second notice requesting such document.

(h) **Financial Information.** Tenant fails to provide any financial information required to be delivered by Tenant to Landlord pursuant to Section 42(c) following written request from Landlord, within 5 days after a second written notice requesting such financial information.

(i) **Security Deposit.** Tenant fails to comply with the requirements of Section 6.

(j) **Other Defaults.** Tenant shall fail to comply with any provision of this Lease other than those specifically referred to in this Section 20, and, except as otherwise expressly provided herein, such failure shall continue for a period of 30 days after written notice thereof from Landlord to Tenant. Any notice given

under Section 20(j) hereof shall: (i) specify the alleged default, (ii) demand that Tenant cure such default, (iii) be in lieu of, and not in addition to, or shall be deemed to be, any notice required under any provision of applicable law, and (iv) not be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice. Notwithstanding the foregoing, if the nature of Tenant's default pursuant to Section 20(j) is such that it cannot be cured by the payment of funds, does not affect the safety, security or integrity of the Building or Building Systems or affect other occupants of the Project and reasonably requires more than 30 days to cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30 day period and thereafter diligently prosecutes the same to completion; provided, however, that such cure shall be completed no later than 45 days from the date of Landlord's notice.

21. Landlord's Remedies.

(a) **Payment By Landlord; Interest.** Upon a Default by Tenant hereunder, Landlord may, without waiving or releasing any obligation of Tenant hereunder, make such payment or perform such act. All sums so paid or incurred by Landlord, together with interest thereon, from the date such sums were paid or incurred, at the annual rate equal to 12% per annum or the highest rate permitted by law (the "**Default Rate**"), whichever is less, shall be payable to Landlord on demand as Additional Rent. Nothing herein shall be construed to create or impose a duty on Landlord to mitigate any damages resulting from Tenant's Default hereunder.

(b) **Late Payment Rent.** Late payment by Tenant to Landlord of Rent and other sums due will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult and impracticable to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges that may be imposed on Landlord under any Mortgage covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within 5 days after the date such payment is due, Tenant shall pay to Landlord an additional sum equal to 6% of the overdue Rent as a late charge. Notwithstanding the foregoing, before assessing a late charge the first time in any calendar year, Landlord shall provide Tenant written notice of the delinquency and will waive the right if Tenant pays such delinquency within 5 days thereafter. The parties agree that this late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. In addition to the late charge, Rent not paid when due shall bear interest at the Default Rate from the 5th day after the date due until paid.

(c) **Remedies.** Upon the occurrence of a Default, Landlord, at its option, without further notice or demand to Tenant, shall have in addition to all other rights and remedies provided in this Lease, at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

(i) Terminate this Lease, or at Landlord's option, Tenant's right to possession only, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy that it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor;

(ii) Upon any termination of this Lease, whether pursuant to the foregoing Section 21(c)(i) or otherwise, Landlord may recover from Tenant the following:

(A) The worth at the time of award of any unpaid rent that has been earned at the time of such termination; plus

(B) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(C) The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(D) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, specifically including, but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(E) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "rent" as used in this Section 21 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 21(c)(ii)(A) and (B), above, the "worth at the time of award" shall be computed by allowing interest at the Default Rate. As used in Section 21(c)(ii)(C), above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

(iii) Landlord may continue this Lease in effect after Tenant's Default and recover rent as it becomes due (Landlord and Tenant hereby agreeing that Tenant has the right to sublet or assign hereunder, subject only to the terms of Section 22). Accordingly, if Landlord does not elect to terminate this Lease following a Default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies hereunder, including the right to recover all Rent as it becomes due.

(iv) Whether or not Landlord elects to terminate this Lease following a Default by Tenant, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. Upon Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

(v) Independent of the exercise of any other remedy of Landlord hereunder or under applicable law, Landlord may conduct an environmental test of the Premises as generally described in Section 30(d) hereof, at Tenant's expense.

(d) **Effect of Exercise.** Exercise by Landlord of any remedies hereunder or otherwise available shall not be deemed to be an acceptance of surrender of the Premises and/or a termination of this Lease by Landlord, it being understood that such surrender and/or termination can be effected only by the express written agreement of Landlord and Tenant. Any law, usage, or custom to the contrary notwithstanding, Landlord shall have the right at all times to enforce the provisions of this Lease in strict accordance with the terms hereof; and the failure of Landlord at any time to enforce its rights under this Lease strictly in accordance with same shall not be construed as having created a custom in any way or manner contrary to the specific terms, provisions, and covenants of this Lease or as having modified the same and shall not be deemed a waiver of Landlord's right to enforce one or more of its rights in connection with any subsequent default. A receipt by Landlord of Rent or other payment with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Landlord. To the greatest extent permitted by law, Tenant waives the service of notice of Landlord's intention to re-enter, re-take or otherwise obtain possession of the Premises as provided in any statute, or to institute legal

proceedings to that end, and also waives all right of redemption in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge. Any reletting of the Premises or any portion thereof shall be on such terms and conditions as Landlord in its sole discretion may determine. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or collect rent due in respect of such reletting or otherwise to mitigate any damages arising by reason of Tenant's Default.

22. Assignment and Subletting.

(a) **General Prohibition.** Without Landlord's prior written consent subject to and on the conditions described in this Section 22, Tenant shall not, directly or indirectly, voluntarily or by operation of law, assign this Lease or sublease the Premises or any part thereof or mortgage, pledge, or hypothecate its leasehold interest or grant any concession or license within the Premises, and any attempt to do any of the foregoing shall be void and of no effect. If Tenant is a corporation, partnership or limited liability company, the shares or other ownership interests thereof that are not actively traded upon a stock exchange or in the over-the-counter market, a transfer or series of transfers whereby 50% or more of the issued and outstanding shares or other ownership interests of such corporation are, or voting control is, transferred (but excepting transfers upon deaths of individual owners) from a person or persons or entity or entities that were owners thereof as of the Effective Date to persons or entities who were not owners of shares or other ownership interests of the corporation, partnership or limited liability company as of the Effective Date, shall be deemed an assignment of this Lease requiring the consent of Landlord as provided in this Section 22. Notwithstanding the foregoing, Tenant shall have the right to undergo a public offering which results in a change in control of Tenant and such change of control shall not constitute an assignment under this Section 22 requiring Landlord consent.

(b) **Permitted Transfers.** If Tenant desires to assign, sublease, hypothecate or otherwise transfer this Lease or sublet the Premises other than pursuant to a Permitted Assignment (as defined below), then at least 15 business days, but not more than 90 calendar days, before the date Tenant desires the assignment or sublease to be effective (the "**Assignment Date**"), Tenant shall give Landlord a notice (the "**Assignment Notice**") containing such information about the proposed assignee or sublessee, including the proposed use of the Premises and any Hazardous Materials proposed to be used, stored handled, treated, generated in or released or disposed of from the Premises, the Assignment Date, any relationship between Tenant and the proposed assignee or sublessee, and all material terms and conditions of the proposed assignment or sublease, including a copy of any proposed assignment or sublease in its final form, and such other information as Landlord may deem reasonably necessary or appropriate to its consideration whether to grant its consent. Landlord may, by giving written notice to Tenant within 15 business days after receipt of the Assignment Notice: (i) grant such consent (provided that Landlord shall further have the right to review and approve or disapprove the proposed form of sublease prior to the effective date of any such subletting), or (ii) refuse such consent, in its reasonable discretion. Among other reasons, it shall be reasonable for Landlord to withhold its consent in any of these instances: (1) the proposed assignee or subtenant is a governmental agency; (2) in Landlord's reasonable judgment, the use of the Premises by the proposed assignee or subtenant would entail any alterations that would lessen the value of the leasehold improvements in the Premises, or would require increased services by Landlord; (3) in Landlord's reasonable judgment, the proposed assignee or subtenant is engaged in areas of scientific research or other business concerns that are controversial; (4) in Landlord's reasonable judgment, the proposed assignee or subtenant lacks the creditworthiness to support the financial obligations it will incur under the proposed assignment or sublease; (5) in Landlord's reasonable judgment, the character, reputation, or business of the proposed assignee or subtenant is inconsistent with the desired tenant-mix or the quality of other tenancies in the Project or is inconsistent with the type and quality of the nature of the Building; (6) intentionally omitted; (7) Landlord or an affiliate of Landlord has experienced previous defaults by or is in litigation with the proposed assignee or subtenant; (8) the use of the Premises by the proposed assignee or subtenant will violate any applicable Legal Requirement; (9) intentionally omitted; (10) the proposed assignee or subtenant is an entity with whom Landlord is then currently negotiating to lease space in the Project and Landlord has comparable space available to lease; or (11) the assignment or sublease is prohibited by the Holder of a Mortgage encumbering all or a portion of the Project. No failure

of Landlord to deliver a timely notice in response to the Assignment Notice shall be deemed to be Landlord's consent to the proposed assignment, sublease or other transfer. Tenant shall pay to Landlord a fee equal to Two Thousand Five Hundred Dollars (\$2,500) in connection with its consideration of any Assignment Notice and/or its preparation or review of any consent documents. Notwithstanding the foregoing, Landlord's consent to an assignment of this Lease or a subletting of any portion of the Premises to any entity controlling, controlled by or under common control with Tenant (a "**Control Permitted Assignment**") shall not be required, provided that Tenant and any assignee or sublessee shall execute a reasonable form of acknowledgment of assignment or sublease, as applicable, acceptable to Landlord on or before the effective date of the Control Permitted Assignment.

In addition, Tenant shall have the right to assign this Lease, upon 30 days prior written notice to Landlord ((x) unless Tenant is prohibited from providing such notice by applicable Legal Requirements in which case Tenant shall notify Landlord promptly thereafter, and (y) if the transaction is subject to confidentiality requirements, Tenant's advance notification shall be subject to Landlord's execution of a non-disclosure agreement reasonably acceptable to Landlord and Tenant) but without obtaining Landlord's prior written consent, to a corporation or other entity which is a successor-in-interest to Tenant, by way of merger, consolidation or corporate reorganization, or by the purchase of all or substantially all of the assets or the ownership interests of Tenant provided that (i) such merger or consolidation, or such acquisition or assumption, as the case may be, is for a good business purpose and not principally for the purpose of transferring this Lease, and (ii) the net worth (as determined in accordance with generally accepted accounting principles ("**GAAP**")) of the assignee is not less than the greater of the net worth (as determined in accordance with GAAP) of Tenant as of (A) the Commencement Date, or (B) as of the date of Tenant's most current quarterly or annual financial statements, and (iii) within 5 days after the effective date of the Corporate Permitted Assignment, Tenant and such assignee shall execute a reasonable form of acknowledgment of assignment reasonably acceptable to Landlord pursuant to which, among other things, such assignee shall agree in writing to assume all of the terms, covenants and conditions of this Lease, and the assignee shall deliver a certificate of insurance to Landlord satisfying the Tenant's insurance requirements under Section 17 (a "**Corporate Permitted Assignment**"). Control Permitted Assignments and Corporate Permitted Assignments are hereinafter referred to as "**Permitted Assignments**."

(c) **Additional Conditions.** As a condition to any such assignment or subletting, whether or not Landlord's consent is required, Landlord may require:

(i) that any assignee or subtenant agree, in writing at the time of such assignment or subletting, that if Landlord gives such party notice that Tenant is in default under this Lease, such party shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments will be received by Landlord without any liability except to credit such payment against those due under this Lease, and any such third party shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, in no event shall Landlord or its successors or assigns be obligated to accept such attornment; and

(ii) A list of Hazardous Materials, certified by the proposed assignee or sublessee to be true and correct, which the proposed assignee or sublessee intends to use, store, handle, treat, generate in or release or dispose of from the Premises, together with copies of all documents relating to such use, storage, handling, treatment, generation, release or disposal of Hazardous Materials by the proposed assignee or subtenant in the Premises or on the Project, prior to the proposed assignment or subletting, including, without limitation: permits; approvals; reports and correspondence; storage and management plans; plans relating to the installation of any storage tanks to be installed in or under the Project (provided, said installation of tanks shall only be permitted after Landlord has given its written consent to do so, which consent may be withheld in Landlord's sole and absolute discretion); and all closure plans or any other documents required by any and all federal, state and local Governmental Authorities for any storage tanks installed in, on or under the Project for the closure of any such tanks. Neither Tenant nor any such proposed assignee or subtenant is required, however, to provide Landlord with any portion(s) of the such

documents containing information of a proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities.

(d) **No Release of Tenant, Sharing of Excess Rents.** Notwithstanding any assignment or subletting, Tenant and any guarantor or surety of Tenant's obligations under this Lease shall at all times remain fully and primarily responsible and liable for the payment of Rent and for compliance with all of Tenant's other obligations under this Lease. If the rent due and payable by a sublessee or assignee (or a combination of the rental payable under such sublease or assignment plus any bonus or other consideration attributable to Tenant's interest in this Lease or incident thereto in any form) exceeds the sum of the Base Rent and Operating Expenses payable under this Lease (or, during the Subsequent Abatement Period, Base Rent that would have been payable during the Subsequent Abatement Period but for the abatement of Base Rent provided for in Section 3(a)) with respect to the applicable portion of the Premises (excluding however, any Rent payable under this Section) and actual and reasonable and customary brokerage fees, legal costs, market inducements, improvement allowances, and any design or construction fees (collectively, the "**Sublease/Assignment Costs**") directly related to and required pursuant to the terms of any such sublease or assignment ("**Excess Rents**"), then Tenant shall be bound and obligated to pay Landlord as Additional Rent hereunder 50% of such Excess Rent within 30 days following receipt thereof by Tenant. For the purpose of calculating Excess Rents, the Sublease/Assignment Costs shall be amortized on a straight-lined basis over the term of the applicable sublease or assignment. If Tenant shall sublet the Premises or any part thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and Landlord or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of a Default, Tenant shall have the right to collect such rent.

(e) **No Waiver.** The consent by Landlord to an assignment or subletting shall not relieve Tenant or any assignees of this Lease or any sublessees of the Premises from obtaining the consent of Landlord to any further assignment or subletting nor shall it release Tenant or any assignee or sublessee of Tenant from full and primary liability under this Lease. The acceptance of Rent hereunder, or the acceptance of performance of any other term, covenant, or condition thereof, from any other person or entity shall not be deemed to be a waiver of any of the provisions of this Lease or a consent to any subletting, assignment or other transfer of the Premises.

(f) **Prior Conduct of Proposed Transferee.** Notwithstanding any other provision of this Section 22, if (i) the proposed assignee or sublessee of Tenant has been required by any prior landlord, lender or Governmental Authority to take remedial action in connection with Hazardous Materials contaminating a property, where the contamination resulted from such party's action or use of the property in question, (ii) the proposed assignee or sublessee is subject to an enforcement order issued by any Governmental Authority in connection with the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials (including, without limitation, any order related to the failure to make a required reporting to any Governmental Authority), or (iii) because of the existence of a pre-existing environmental condition in the vicinity of or underlying the Project, the risk that Landlord would be targeted as a responsible party in connection with the remediation of such pre-existing environmental condition would be materially increased or exacerbated by the proposed use of Hazardous Materials by such proposed assignee or sublessee, Landlord shall have the absolute right to refuse to consent to any assignment or subletting to any such party.

23. Estoppel Certificate. Tenant shall, within 10 business days of written notice from Landlord, execute, acknowledge and deliver a statement in writing in any form reasonably requested by a proposed lender or purchaser, (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which the rental and other charges are paid in advance, if any, (ii) acknowledging that there are not any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (iii) setting forth such further information with respect to the status of this Lease or the Premises as may be reasonably requested thereon. Any such statement may be relied

upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part. Tenant's failure to deliver such statement within 5 days after Tenant's receipt of a second written notice from Landlord shall be conclusive upon Tenant that this Lease is in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant for execution.

24. Quiet Enjoyment. So long as Tenant is not in Default under this Lease, Tenant shall, subject to the terms of this Lease, at all times during the Term, have peaceful and quiet enjoyment of the Premises against any person claiming by, through or under Landlord.

25. Prorations. All prorations required or permitted to be made hereunder shall be made on the basis of a 360 day year and 30 day months.

26. Rules and Regulations. Tenant shall, at all times during the Term and any extension thereof, comply with all reasonable rules and regulations at any time or from time to time established by Landlord covering use of the Premises and the Project. Such rules and regulations may include, without limitation, rules and regulations relating to the use of the Project Amenities and/or rules and regulations which are intended to encourage social distancing, promote and protect health and physical well-being within the Building and the Project and/or intended to limit the spread of communicable diseases and/or viruses of any kind or nature that are more virulent than the seasonal flu (collectively, "**Infectious Conditions**"), provided that such rules and regulations are in compliance with applicable Legal Requirements and applied to all tenants of the Project on a non-discriminatory basis. The current rules and regulations are attached hereto as **Exhibit E**. If there is any conflict between such rules and regulations and other provisions of this Lease, the terms and provisions of this Lease shall control. Landlord shall not have any liability or obligation for the breach of any rules or regulations by other tenants in the Project and shall not enforce such rules and regulations in a discriminatory manner.

27. Subordination. This Lease and Tenant's interest and rights hereunder are hereby made and shall be subject and subordinate at all times to the lien of any Mortgage now existing or hereafter created on or against the Project or the Premises, and all amendments, restatements, renewals, modifications, consolidations, refinancing, assignments and extensions thereof, without the necessity of any further instrument or act on the part of Tenant; provided, however that so long as there is no Default hereunder, Tenant's right to possession of the Premises shall not be disturbed by the Holder of any such Mortgage. Tenant agrees, at the election of the Holder of any such Mortgage, to attorn to any such Holder. Tenant agrees upon demand to execute, acknowledge and deliver such instruments, confirming such subordination, and such instruments of attornment as shall be requested by any such Holder, provided any such instruments contain appropriate non-disturbance provisions assuring Tenant's quiet enjoyment of the Premises as set forth in Section 24 hereof. Notwithstanding the foregoing, any such Holder may at any time subordinate its Mortgage to this Lease, without Tenant's consent, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such Mortgage without regard to their respective dates of execution, delivery or recording and in that event such Holder shall have the same rights with respect to this Lease as though this Lease had been executed prior to the execution, delivery and recording of such Mortgage and had been assigned to such Holder. The term "**Mortgage**" whenever used in this Lease shall be deemed to include deeds of trust, security assignments and any other encumbrances, and any reference to the "**Holder**" of a Mortgage shall be deemed to include the beneficiary under a deed of trust.

As of the Effective Date, there is no existing Mortgage encumbering the Project.

28. Surrender. Upon the expiration of the Term or earlier termination of Tenant's right of possession, Tenant shall surrender the Premises to Landlord in broom clean condition (a) in the same condition as received (except for any Alterations or Installations permitted by Landlord to remain in the Premises pursuant to Section 12), subject to ordinary wear and tear and casualty loss and condemnation covered by Sections 18 and 19, (b) with all wires, cables or similar equipment which Tenant has installed in the Premises or in the risers or plenums of the Building removed, (c) free of Hazardous Materials brought upon, kept, used, stored, handled, treated, generated in, or released or disposed of from, the Premises by

any person other than Landlord or any of Landlord's employees, agents and contractors (collectively, "Tenant HazMat Operations"), and (d) released of all Hazardous Materials Clearances. At least 3 months prior to the surrender of the Premises or such earlier date as Tenant may elect to cease operations at the Premises, Tenant shall deliver to Landlord a narrative description of the actions proposed (or required by any Governmental Authority) to be taken by Tenant in order to surrender the Premises (including any Installations permitted by Landlord to remain in the Premises) at the expiration or earlier termination of the Term, free from any residual impact from the Tenant HazMat Operations and otherwise released for unrestricted use and occupancy (the "Decommissioning and HazMat Closure Plan"). Such Decommissioning and HazMat Closure Plan shall be accompanied by a current listing of (i) all Hazardous Materials licenses and permits held by or on behalf of any Tenant Party with respect to the Premises, and (ii) all Hazardous Materials used, stored, handled, treated, generated, released or disposed of from the Premises, and shall be subject to the review and approval of Landlord's environmental consultant. In connection with the review and approval of the Decommissioning and HazMat Closure Plan, upon the request of Landlord, Tenant shall deliver to Landlord or its consultant such additional non-proprietary information concerning Tenant HazMat Operations as Landlord shall request. On or before such surrender, Tenant shall deliver to Landlord evidence that the approved Decommissioning and HazMat Closure Plan shall have been satisfactorily completed and Landlord shall have the right to cause Landlord's environmental consultant to inspect the Premises and perform such additional procedures as may be deemed reasonably necessary to confirm that the Premises are, as of the effective date of such surrender or early termination of this Lease, free from any residual impact from Tenant HazMat Operations. Tenant shall reimburse Landlord for its actual, out-of-pocket costs incurred in connection with its review of the Decommissioning and HazMat Closure Plan and Tenant's implementation of the same by Landlord's environmental consultant; provided such amount shall not exceed \$5,000. Landlord shall have the unrestricted right to deliver such Decommissioning and HazMat Closure Plan and any report by Landlord's environmental consultant with respect to the surrender of the Premises to third parties.

If Tenant shall fail to prepare or submit a Decommissioning and HazMat Closure Plan approved by Landlord, or if Tenant shall fail to complete the approved Decommissioning and HazMat Closure Plan, or if such Decommissioning and HazMat Closure Plan, whether or not approved by Landlord, shall fail to adequately address any residual effect of Tenant HazMat Operations in, on or about the Premises, Landlord shall have the right to take such actions as Landlord may deem reasonable or appropriate to assure that the Premises and the Project are surrendered free from any residual impact from Tenant HazMat Operations, the cost of which actions shall be reimbursed by Tenant as Additional Rent, without regard to the limitation set forth in the first paragraph of this [Section 28](#).

Upon the expiration or earlier termination of the Term, Tenant shall immediately return to Landlord all keys and/or access cards to parking, the Project, restrooms or all or any portion of the Premises furnished to or otherwise procured by Tenant. If any such access card or key is lost, Tenant shall pay to Landlord, at Landlord's election, either the cost of replacing such lost access card or key or the cost of reprogramming the access security system in which such access card was used or changing the lock or locks opened by such lost key. Any Tenant's Property, Alterations and property not so removed by Tenant as permitted or required herein shall be deemed abandoned and may be stored, removed, and disposed of by Landlord at Tenant's expense, and Tenant waives all claims against Landlord for any damages resulting from Landlord's retention and/or disposition of such property. All obligations of Tenant hereunder not fully performed as of the termination of the Term, including the obligations of Tenant under [Section 30](#) hereof, shall survive the expiration or earlier termination of the Term, including, without limitation, indemnity obligations, payment obligations with respect to Rent and obligations concerning the condition and repair of the Premises.

29. Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, TENANT AND LANDLORD WAIVE ANY RIGHT TO TRIAL BY JURY OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN LANDLORD AND TENANT ARISING OUT OF THIS LEASE OR ANY OTHER INSTRUMENT, DOCUMENT, OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO.

(a) **Prohibition/Compliance/Indemnity.** Tenant shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises or the Project in violation of applicable Environmental Requirements (as hereinafter defined) by Tenant or any Tenant Party. Nothing herein shall prohibit Tenant from keeping, using and storing in the Premises Hazardous Materials contained in products customarily used by tenants in de minimis quantities for ordinary cleaning and office purposes. If Tenant breaches the obligation stated in the preceding sentence, or if the presence of Hazardous Materials in the Premises during the Term or any holding over results in contamination of the Premises, the Project or any adjacent property or if contamination of the Premises, the Project or any adjacent property by Hazardous Materials brought into, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises by anyone other than Landlord and Landlord's employees, agents and contractors otherwise occurs during the Term or any holding over, Tenant hereby indemnifies and shall defend and hold Landlord, its officers, directors, employees, agents and contractors harmless from any and all actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages and damages based upon diminution in value of the Premises or the Project, or the loss of, or restriction on, use of the Premises or any portion of the Project), expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities or losses which arise during or after the Term as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, treatment, remedial, removal, or restoration work required by any federal, state or local Governmental Authority because of Hazardous Materials present in the air, soil or ground water above, on, or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials on the Premises, the Project or any adjacent property caused or permitted by Tenant or any Tenant Party results in any contamination of the Premises, the Project or any adjacent property, Tenant shall promptly take all actions at its sole expense and in accordance with applicable Environmental Requirements as are necessary to return the Premises, the Project or any adjacent property to the condition existing prior to the time of such contamination, provided that Landlord's approval of such action shall first be obtained, which approval shall not unreasonably be withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises or the Project. Notwithstanding anything to the contrary contained in this Section 30, Tenant shall not be responsible for, and the indemnification and hold harmless obligation set forth in this paragraph shall not apply to (i) contamination in the Premises which Tenant can prove to Landlord's reasonable satisfaction existed in the Premises immediately prior to the Commencement Date, or (ii) the presence of any Hazardous Materials in the Premises which Tenant can prove to Landlord's reasonable satisfaction migrated from outside of the Premises into the Premises, unless in either case, the presence of such Hazardous Materials (x) is the result of a breach by Tenant of any of its obligations under this Lease, or (y) was caused, contributed to or exacerbated by Tenant or any Tenant Party. The provisions of this Section 30 shall survive the expiration or earlier termination of this Lease.

(b) **Business.** Landlord acknowledges that it is not the intent of this Section 30 to prohibit Tenant from using the Premises for the Permitted Use. Tenant may operate its business according to prudent industry practices so long as the use or presence of Hazardous Materials is strictly and properly monitored according to all then applicable Environmental Requirements. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord prior to the Commencement Date a list identifying each type of Hazardous Materials (other than products customarily used by tenants in de minimis quantities for ordinary cleaning and office purposes) to be brought upon, kept, used, stored, handled, treated, generated on, or released or disposed of from, the Premises and setting forth any and all governmental approvals or permits required in connection with the presence, use, storage, handling, treatment, generation, release or disposal of such Hazardous Materials on or from the Premises ("**Hazardous Materials List**"). Upon Landlord's request, or any time that Tenant

is required to deliver a Hazardous Materials List to any Governmental Authority (e.g., the fire department) in connection with Tenant's use or occupancy of the Premises, Tenant shall deliver to Landlord a copy of such Hazardous Materials List. Tenant shall deliver to Landlord true and correct copies of the following documents (the "Haz Mat Documents") relating to the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials prior to the Commencement Date, or if unavailable at that time, concurrent with the receipt from or submission to a Governmental Authority: permits; approvals; reports and correspondence; storage and management plans, notice of violations of any Legal Requirements; plans relating to the installation of any storage tanks to be installed in or under the Project (provided, said installation of tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent may be withheld in Landlord's sole and absolute discretion); and all closure plans or any other documents required by any and all federal, state and local Governmental Authorities for any storage tanks installed in, on or under the Project for the closure of any such tanks. Tenant is not required, however, to provide Landlord with any portion(s) of the Haz Mat Documents containing information of a proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities. It is not the intent of this Section to provide Landlord with information which could be detrimental to Tenant's business should such information become possessed by Tenant's competitors.

(c) **Tenant Representation and Warranty.** Tenant hereby represents and warrants to Landlord that (i) neither Tenant nor any of its legal predecessors has been required by any prior landlord, lender or Governmental Authority at any time to take remedial action in connection with Hazardous Materials contaminating a property which contamination was permitted by Tenant or such predecessor or resulted from Tenant's or such predecessor's action or use of the property in question, and (ii) Tenant is not subject to any enforcement order issued by any Governmental Authority in connection with the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials (including, without limitation, any order related to the failure to make a required reporting to any Governmental Authority). If Landlord determines that this representation and warranty was not true as of the Effective Date, Landlord shall have the right to terminate this Lease in Landlord's sole and absolute discretion.

(d) **Testing.** Landlord shall have the right, but not the obligation, to conduct annual tests of the Premises to determine whether any contamination of the Premises or the Project has occurred as a result of Tenant's use. Tenant shall be required to pay the cost of such annual test of the Premises if there is violation of this Section 30 or if contamination for which Tenant is responsible under this Section 30 is identified; provided, however, that if Tenant conducts its own tests of the Premises using third party contractors and test procedures acceptable to Landlord which tests are certified to Landlord, Landlord shall accept such tests in lieu of the annual tests to be paid for by Tenant. In addition, at any time, and from time to time, prior to the expiration or earlier termination of the Term, Landlord shall have the right to conduct appropriate tests of the Premises and the Project to determine if contamination has occurred as a result of Tenant's use of the Premises. In connection with such testing, upon the request of Landlord, Tenant shall deliver to Landlord or its consultant such non-proprietary information concerning the use of Hazardous Materials in or about the Premises by Tenant or any Tenant Party. If contamination has occurred for which Tenant is liable under this Section 30, Tenant shall pay all costs to conduct such tests. If no such contamination is found, Landlord shall pay the costs of such tests (which shall not constitute an Operating Expense). Landlord shall provide Tenant with a copy of all third party, non-confidential reports and tests of the Premises made by or on behalf of Landlord during the Term without representation or warranty and subject to a confidentiality agreement. Tenant shall, at its sole cost and expense, promptly and satisfactorily remediate any environmental conditions identified by such testing in accordance with all Environmental Requirements. Landlord's receipt of or satisfaction with any environmental assessment in no way waives any rights that Landlord may have against Tenant. Subject to the terms of Section 32 below, Tenant shall have the right to have a Tenant representative present while Landlord conducts tests in the Premises pursuant to this Section 30(d).

(e) **Control Areas.** Tenant shall be allowed to utilize up to its pro rata share of the Hazardous Materials inventory within any control area or zone (located within the Premises), as designated by the applicable building code, for chemical use or storage. As used in the preceding sentence, Tenant's pro rata share of any control areas or zones located within the Premises shall be determined based on the

rentable square footage that Tenant leases within the applicable control area or zone. For purposes of example only, if a control area or zone contains 10,000 rentable square feet and 2,000 rentable square feet of a tenant's premises are located within such control area or zone (while such premises as a whole contains 5,000 rentable square feet), the applicable tenant's pro rata share of such control area would be 20%.

(f) **Storage Tanks.** If storage tanks storing Hazardous Materials located on the Premises or the Project are used by Tenant or are hereafter placed on the Premises or the Project by Tenant, Tenant shall install, use, monitor, operate, maintain, upgrade and manage such storage tanks, maintain appropriate records, obtain and maintain appropriate insurance, implement reporting procedures, properly close any storage tanks, and take or cause to be taken all other actions necessary or required under applicable state and federal Legal Requirements, as such now exists or may hereafter be adopted or amended in connection with the installation, use, maintenance, management, operation, upgrading and closure of such storage tanks. Notwithstanding anything to the contrary contained herein, Tenant shall have no right to use or install any underground storage tanks at the Project.

(g) **Tenant's Obligations.** Tenant's obligations under this Section 30 shall survive the expiration or earlier termination of the Lease. Any period after the expiration or earlier termination of this Lease required by Tenant or Landlord to complete the removal from the Premises of any Hazardous Materials (including, without limitation, the release and termination of any licenses or permits restricting the use of the Premises and the completion of the approved Decommissioning and HazMat Closure Plan) shall constitute a hold over pursuant to Section 8.

(h) **Definitions.** As used herein, the term "**Environmental Requirements**" means all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, orders or other similar enactments of any Governmental Authority regulating or relating to health, safety, or environmental conditions on, under, or about the Premises or the Project, or the environment, including without limitation, the following: the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; and all state and local counterparts thereto, and any regulations or policies promulgated or issued thereunder. As used herein, the term "**Hazardous Materials**" means and includes any substance, material, waste, pollutant, or contaminant listed or defined as hazardous or toxic, or regulated by reason of its impact or potential impact on humans, animals and/or the environment under any Environmental Requirements, asbestos and petroleum, including crude oil or any fraction thereof, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas). As defined in Environmental Requirements, Tenant is and shall be deemed to be the "**operator**" of Tenant's "**facility**" and the "**owner**" of all Hazardous Materials brought on the Premises by Tenant or any Tenant Party, and the wastes, by-products, or residues generated, resulting, or produced therefrom.

31. Tenant's Remedies/Limitation of Liability. Landlord shall not be in default hereunder unless Landlord fails to perform any of its obligations hereunder within 30 days after written notice from Tenant specifying such failure (unless such performance will, due to the nature of the obligation, require a period of time in excess of 30 days, then after such period of time as is reasonably necessary). Upon any default by Landlord, Tenant shall give notice by registered or certified mail to any Holder of a Mortgage covering the Premises and to any landlord of any lease of property in or on which the Premises are located and Tenant shall offer such Holder and/or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Project by power of sale or a judicial action if such should prove necessary to effect a cure; provided Landlord shall have furnished to Tenant in writing the names and addresses of all such persons who are to receive such notices. All obligations of Landlord hereunder shall be construed as covenants, not conditions; and, except as may be otherwise expressly provided in this Lease, Tenant may not terminate this Lease for breach of Landlord's obligations hereunder.

Notwithstanding the foregoing, if any claimed Landlord default hereunder will immediately, materially and adversely affect Tenant's ability to conduct its business in the Premises (a "**Material Landlord Default**"), Tenant shall, as soon as reasonably possible, but in any event within 2 business days

of obtaining knowledge of such claimed Material Landlord Default, give Landlord written notice of such claim which notice shall specifically state that a Material Landlord Default exists and telephonic notice to Tenant's principal contact with Landlord. Landlord shall then have 2 business days to commence cure of such claimed Material Landlord Default and shall diligently prosecute such cure to completion. If such claimed Material Landlord Default is not a default by Landlord hereunder, or if Tenant failed to give Landlord the notice required hereunder within 2 business days of learning of the conditions giving rise to the claimed Material Landlord Default, Landlord shall be entitled to recover from Tenant, as Additional Rent, any costs incurred by Landlord in connection with such cure in excess of the costs, if any, that Landlord would otherwise have been liable to pay hereunder. If Landlord fails to commence cure of any claimed Material Landlord Default as provided above, Tenant may commence and prosecute such cure to completion provided that it does not affect any Building Systems, the Building structure or the Common Areas or adversely impact other occupants of the Building, and shall be entitled to recover the costs of such cure (but not any consequential or other damages) from Landlord by way of reimbursement from Landlord with no right to offset against Rent, to the extent of Landlord's obligation to cure such claimed Material Landlord Default hereunder, subject to the limitations set forth in the immediately preceding sentence of this paragraph and the other provisions of this Lease.

Notwithstanding the foregoing, if any claimed Landlord default hereunder will immediately, materially and adversely affect Tenant's ability to conduct its business in the Premises (a "**Material Landlord Default**"), Tenant shall, as soon as reasonably possible, but in any event within 2 business days of obtaining knowledge of such claimed Material Landlord Default, give Landlord written notice of such claim which notice shall specifically state that a Material Landlord Default exists and telephonic notice to Tenant's principal contact with Landlord. Landlord shall then have 2 business days to commence cure of such claimed Material Landlord Default and shall diligently prosecute such cure to completion. If such claimed Material Landlord Default is not a default by Landlord hereunder, or if Tenant failed to give Landlord the notice required hereunder within 2 business days of learning of the conditions giving rise to the claimed Material Landlord Default, Landlord shall be entitled to recover from Tenant, as Additional Rent, any costs incurred by Landlord in connection with such cure in excess of the costs, if any, that Landlord would otherwise have been liable to pay hereunder. If Landlord fails to commence cure of any claimed Material Landlord Default as provided above, Tenant may commence and prosecute such cure to completion provided that it does not affect any Building Systems, the Building structure or the Common Areas or adversely impact other occupants of the Building, and shall be entitled to recover the costs of such cure (but not any consequential or other damages) from Landlord by way of reimbursement from Landlord with no right to offset against Rent, to the extent of Landlord's obligation to cure such claimed Material Landlord Default hereunder, subject to the limitations set forth in the immediately preceding sentence of this paragraph and the other provisions of this Lease.

All obligations of Landlord under this Lease will be binding upon Landlord only during the period of its ownership of the Premises and not thereafter. The term "**Landlord**" in this Lease shall mean only the owner for the time being of the Premises. Upon the transfer by such owner of its interest in the Premises, such owner shall thereupon be released and discharged from all obligations of Landlord thereafter accruing, but such obligations shall be binding during the Term upon each new owner for the duration of such owner's ownership.

32. Inspection and Access. Landlord and its agents, representatives, and contractors may enter the Premises at any reasonable time to inspect the Premises and to make such repairs as may be required or permitted pursuant to this Lease and for any other business purpose. Landlord and Landlord's representatives may enter the Premises during business hours on not less than 2 business days' advance written notice (except in the case of emergencies in which case no such notice shall be required and such entry may be at any time) for the purpose of effecting any such repairs, inspecting the Premises, showing the Premises to prospective purchasers and, during the last 12 months of the Term, to prospective tenants or for any other business purpose. Landlord may erect a suitable sign on the Premises stating the Premises are available to let or that the Project is available for sale. Landlord may grant easements, make public dedications, designate Common Areas and create restrictions on or about the Premises, provided that no such easement, dedication, designation or restriction materially, adversely affects Tenant's use or

occupancy of the Premises for the Permitted Use. At Landlord's request, Tenant shall execute such instruments as may be necessary for such easements, dedications or restrictions, provided that such instruments do not materially increase Tenant's obligations or materially decrease Tenant's rights under this Lease. Tenant shall at all times, except in the case of emergencies, have the right to escort Landlord or its agents, representatives, contractors or guests while the same are in the Premises, provided such escort does not materially and adversely affect Landlord's access rights hereunder.

33. Security. Tenant acknowledges and agrees that security devices and services, if any, while intended to deter crime may not in given instances prevent theft or other criminal acts and that Landlord is not providing any security services with respect to the Premises. Tenant agrees that Landlord shall not be liable to Tenant for, and Tenant waives any claim against Landlord with respect to, any loss by theft or any other damage suffered or incurred by Tenant in connection with any unauthorized entry into the Premises or any other breach of security with respect to the Premises. Tenant shall be solely responsible for the personal safety of Tenant's officers, employees, agents, contractors, guests and invitees while any such person is in, on or about the Premises and/or the Project. Tenant shall at Tenant's cost obtain insurance coverage to the extent Tenant desires protection against such criminal acts.

34. Force Majeure. Except for the payment of Rent, neither Landlord nor Tenant shall be held responsible or liable for delays in the performance of its obligations hereunder when caused by, related to, or arising out of acts of God, sinkholes or subsidence, strikes, lockouts, or other labor disputes, embargoes, quarantines, weather, national, regional, or local disasters, calamities, or catastrophes, inability to obtain labor or materials (or reasonable substitutes therefor) at reasonable costs or failure of, or inability to obtain, utilities necessary for performance, governmental restrictions, orders, limitations, regulations, or controls, national emergencies, local, regional or national epidemic or pandemic, delay in issuance or revocation of permits, enemy or hostile governmental action, terrorism, insurrection, riots, civil disturbance or commotion, cyberattacks, ransomware attacks and similar events, fire or other casualty, and other causes or events beyond their reasonable control ("**Force Majeure**"). Notwithstanding anything to the contrary contained herein, in no event shall Force Majeure excuse Tenant's obligation to vacate and surrender timely the Premises in accordance with the terms and conditions of this Lease.

35. Brokers. Landlord and Tenant each represents and warrants that it has not dealt with any broker, agent or other person (collectively, "**Broker**") in connection with this transaction and that no Broker brought about this transaction, other than Jones Lang LaSalle. Landlord and Tenant each hereby agree to indemnify and hold the other harmless from and against any claims by any Broker, other than Jones Lang LaSalle, claiming a commission or other form of compensation, if any, by virtue of having dealt with Tenant or Landlord, as applicable, with regard to this leasing transaction.

36. Limitation on Landlord's Liability. NOTWITHSTANDING ANYTHING SET FORTH HEREIN OR IN ANY OTHER AGREEMENT BETWEEN LANDLORD AND TENANT TO THE CONTRARY: (A) LANDLORD SHALL NOT BE LIABLE TO TENANT OR ANY OTHER PERSON FOR (AND TENANT AND EACH SUCH OTHER PERSON ASSUME ALL RISK OF) LOSS, DAMAGE OR INJURY, WHETHER ACTUAL OR CONSEQUENTIAL TO: TENANT'S PERSONAL PROPERTY OF EVERY KIND AND DESCRIPTION, INCLUDING, WITHOUT LIMITATION TRADE FIXTURES, EQUIPMENT, INVENTORY, SCIENTIFIC RESEARCH, SCIENTIFIC EXPERIMENTS, LABORATORY ANIMALS, PRODUCT, SPECIMENS, SAMPLES, AND/OR SCIENTIFIC, BUSINESS, ACCOUNTING AND OTHER RECORDS OF EVERY KIND AND DESCRIPTION KEPT AT THE PREMISES AND ANY AND ALL INCOME DERIVED OR DERIVABLE THEREFROM; (B) THERE SHALL BE NO PERSONAL RECOURSE TO LANDLORD FOR ANY ACT OR OCCURRENCE IN, ON OR ABOUT THE PREMISES OR ARISING IN ANY WAY UNDER THIS LEASE OR ANY OTHER AGREEMENT BETWEEN LANDLORD AND TENANT WITH RESPECT TO THE SUBJECT MATTER HEREOF AND ANY LIABILITY OF LANDLORD HEREUNDER SHALL BE STRICTLY LIMITED SOLELY TO LANDLORD'S INTEREST IN THE PROJECT OR ANY PROCEEDS FROM SALE OR CONDEMNATION THEREOF AND ANY INSURANCE PROCEEDS PAYABLE IN RESPECT OF LANDLORD'S INTEREST IN THE PROJECT OR IN CONNECTION WITH ANY SUCH LOSS; AND (C) IN NO EVENT SHALL ANY PERSONAL LIABILITY BE ASSERTED AGAINST LANDLORD IN CONNECTION WITH THIS LEASE NOR SHALL ANY RECOURSE BE HAD TO ANY

OTHER PROPERTY OR ASSETS OF LANDLORD OR ANY OF LANDLORD'S OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AGENTS OR CONTRACTORS. UNDER NO CIRCUMSTANCES SHALL LANDLORD OR ANY OF LANDLORD'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS BE LIABLE FOR INJURY TO TENANT'S BUSINESS OR FOR ANY LOSS OF INCOME OR PROFIT THEREFROM.

Tenant acknowledges and agrees that measures and/or services implemented at the Project, if any, intended to encourage social distancing, promote and protect health and physical well-being and/or intended to limit the spread of Infectious Conditions, may not prevent the spread of such Infectious Conditions. Neither Landlord nor any Landlord Indemnified Parties shall have any liability and Tenant waives any claims against Landlord and the Landlord Indemnified Parties with respect to any loss, damage or injury in connection with (x) the implementation, or failure of Landlord or any Landlord Indemnified Parties to implement, any measures and/or services at the Project intended to encourage social distancing, promote and protect health and physical well-being and/or intended to limit the spread of Infectious Conditions, or (y) the failure of any measures and/or services implemented at the Project, if any, to limit the spread of any Infectious Conditions.

37. Severability. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby. It is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added, as a part of this Lease, a clause or provision as similar in effect to such illegal, invalid or unenforceable clause or provision as shall be legal, valid and enforceable.

38. Signs; Exterior Appearance. Tenant shall not, without the prior written consent of Landlord, which may be granted or withheld in Landlord's reasonable discretion: (i) attach any awnings, exterior lights, decorations, balloons, flags, pennants, banners, painting or other projection to any outside wall of the Project, (ii) use any curtains, blinds, shades or screens other than Landlord's standard window coverings which are visible from the outside the Premises, (iii) coat or otherwise sunscreen the interior or exterior of any windows, (iv) place any bottles, parcels, or other articles on the window sills, (v) place any equipment, furniture or other items of personal property on any exterior balcony, or (vi) paint, affix or exhibit on any part of the Premises or the Project any signs, notices, window or door lettering, placards, decorations, or advertising media of any type which can be viewed from the exterior of the Premises. Suite entry signage shall be inscribed, painted or affixed for Tenant by Landlord at the sole cost and expense of Tenant, and shall be of a size, color and type acceptable to Landlord and Tenant's name and suite number shall be included on the Building lobby directory. Nothing may be placed on the exterior of corridor walls or corridor doors other than Landlord's standard lettering. The Building lobby directory shall be provided exclusively for the display of the name and location of tenants.

Tenant shall also have the non-exclusive right to display, at Landlord's cost and expense, a sign bearing Tenant's name and/or logo on the monument sign serving the Building in a location designated by Landlord (the "**Monument Sign**"). Notwithstanding the foregoing, Tenant acknowledges and agrees that Tenant's signage on the Monument Sign including, without limitation, the size, color and type, shall be subject to Landlord's prior written approval and shall be consistent with Landlord's signage program at the Project and applicable Legal Requirements. Landlord shall be responsible, at no cost to Tenant, for the design, permitting, fabrication, installation, and maintenance of Tenant's Monument Sign. Tenant shall be responsible, at Tenant's sole cost and expense, for the removal of Tenant's Monument Sign at the expiration or earlier termination of this Lease and for the repair of all damage resulting from such removal.

Tenant shall also have the non-exclusive right to display 1 sign bearing Tenant's name and/or logo on the Building-top in a location designated by Landlord (the "**Building Sign**"). Notwithstanding the foregoing, Tenant acknowledges and agrees that Tenant's Building Sign including, without limitation, the size, color and type, shall be subject to Landlord's prior written approval and shall be consistent with Landlord's signage program at the Project and applicable Legal Requirements. Landlord shall be responsible, at no cost to Tenant, for the design, permitting, fabrication, installation, and maintenance of

Tenant's Building Sign. Tenant shall be responsible, at Tenant's sole cost and expense, for the removal of Tenant's Building Sign at the expiration or earlier termination of this Lease and for the repair of all damage resulting from such removal. Tenant shall have the right to approve the design of the Building Sign prior to installation of the same by Landlord.

39. Right to Expand.

(a) **Expansion in the Building.** Subject to the rights of existing tenants of the Project as of the Effective Date and to the terms of this Section 39(a), Tenant shall have the ongoing right during the Base Term, but not the obligation, subject to the terms of this Section 39(a), to expand the Premises (the "**Expansion Right**") to include the Expansion Space upon the terms and conditions in this Section 39. For purposes of this Section 39(a), "**Expansion Space**" shall mean the balance of the Building which is not occupied by a tenant or which is occupied by a then-existing tenant whose lease is expiring within 36 months or less and such tenant does not wish to renew (whether or not such tenant has a right to renew) its occupancy of such space. If all or a portion of the Expansion Space becomes available, Landlord shall, at such time as Landlord shall elect so long as Tenant's rights hereunder are preserved, deliver to Tenant written notice (the "**Expansion Notice**") of the availability of such Expansion Space, together with the terms and conditions on which Landlord is prepared to lease Tenant such Expansion Space. For the avoidance of doubt, Tenant shall be required to exercise its right under this Section 39(a) with respect to all of the space described in the Expansion Notice ("**Identified Space**"). Tenant acknowledges and agrees that the term of this Lease with respect to the Identified Space may not be co-terminous with the Term of this Lease with respect to the then-existing Premises. Tenant shall have 10 business days following receipt of the Expansion Notice to deliver to Landlord written notification of Tenant's exercise of the Expansion Right ("**Exercise Notice**") with respect to the Identified Space. If Tenant does not deliver an Exercise Notice to Landlord within such 10 business day period, then Tenant shall be deemed to have waived its rights under this Section 39(a) to lease the Identified Space, and Landlord shall have the right to lease the Identified Space to any third party on any terms and conditions acceptable to Landlord. Notwithstanding anything to the contrary contained herein, Tenant shall have no right to exercise the Expansion Right and the provisions of this Section 39(a) shall no longer apply after the date that is 12 months prior to the expiration of the Base Term if Tenant has not exercised its Extension Right pursuant to Section 40.

(b) **Amended Lease.** If: (i) Tenant fails to timely deliver an Exercise Notice, or (ii) after the expiration of a period of 10 business days after Landlord's delivery to Tenant of a lease amendment for Tenant's lease of the Identified Space, no lease amendment for the Identified Space acceptable to both parties each in their reasonable discretion after using diligent good faith efforts negotiate the same, has been executed, Tenant shall, notwithstanding anything to the contrary contained herein, be deemed, subject to its ongoing right under Section 39(a) above, to have waived its right to lease such Identified Space.

(c) **Exceptions.** Notwithstanding the above, the Expansion Right shall not be in effect and may not be exercised by Tenant:

(i) during any period of time that Tenant is in default under any provision of this Lease (after receipt of written notice and beyond any applicable notice and cure periods); or

(ii) during any period that Tenant (and any transferee pursuant to a Permitted Assignment) is occupying less than 100% of the Premises; or

(iii) if Tenant has been in default (after receipt of written notice and beyond any applicable notice and cure periods) under any provision of this Lease 3 or more times, whether or not such defaults have been cured, during the 12 month period prior to the date on which Tenant seeks to exercise the Expansion Right.

(d) **Termination.** The Expansion Right shall, at Landlord's option, terminate and be of no further force or effect even after Tenant's due and timely delivery of an Exercise Notice if, after such delivery, but

prior to the commencement date of the lease of such Identified Space, (i) Tenant fails to cure any default by Tenant under this Lease prior to the expiration or any applicable notice and cure periods; or (ii) Tenant has Defaulted (beyond any applicable notice and cure periods) 3 or more times during the period commencing on the date of delivery of an Exercise Notice through the date of the commencement of the lease of the Identified Space, whether or not such Defaults have been cured.

(e) **Subordinate.** Tenant's rights in connection with the Expansion Right are and shall be subject to and subordinate to any expansion rights existing as of the Effective Date.

(f) **Rights Personal.** The Expansion Right is personal to Tenant and is not assignable without Landlord's prior written consent, which may be granted or withheld in Landlord's sole discretion separate and apart from any consent by Landlord to an assignment of Tenant's interest in this Lease, except that they may be assigned in connection with any assignment of this Lease that constitutes a Permitted Assignment.

(g) **No Extensions.** The period of time within which the Expansion Right may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise the Expansion Right.

40. Right to Extend Term. Tenant shall have the right to extend the Term of this Lease upon the following terms and conditions:

(a) **Extension Rights.** Tenant shall have 2 consecutive rights (each, an "**Extension Right**") to extend the term of this Lease for 36 months each (each, an "**Extension Term**") on the same terms and conditions as this Lease (other than with respect to Base Rent) by giving Landlord written notice of its election to exercise each Extension Right at least 12 months prior, and no earlier than 15 months prior, to the expiration of the Base Term of this Lease or the expiration of the prior Extension Term.

Upon the commencement of each Extension Term, Base Rent shall be payable at the Market Rate (as defined below). Base Rent shall thereafter be adjusted on each annual anniversary of the commencement of such Extension Term by a percentage as determined by Landlord and agreed to by Tenant at the time the Market Rate is determined. As used herein, "**Market Rate**" shall mean the rate that comparable landlords of comparable buildings have accepted in current transactions from non-equity (i.e., not being offered equity in the buildings) and nonaffiliated tenants of similar financial strength for space of comparable size, quality (including all Tenant Improvements, Alterations and other improvements) and floor height in Class A laboratory/office buildings in the San Mateo/San Carlos/Redwood City area for a comparable term, with the determination of the Market Rate to take into account all relevant factors, including tenant inducements, views, available amenities (including, without limitation, the Project Amenities, age of the Building, age of mechanical systems serving the Premises), parking costs, leasing commissions, allowances or concessions, if any. Notwithstanding the foregoing, the Market Rate shall in no event be less than the Base Rent payable as of the date immediately preceding the commencement of such Extension Term increased by the Rent Adjustment Percentage multiplied by such Base Rent. In addition, Landlord may impose a market rent for the parking rights provided hereunder.

If, on or before the date which is 240 days prior to the expiration of the Base Term of this Lease or the prior Extension Term, as applicable, Tenant has not agreed with Landlord's determination of the Market Rate and the rent escalations during the Extension Term after negotiating in good faith, Tenant shall be deemed to have elected arbitration as described in Section 40(b). Tenant acknowledges and agrees that, if Tenant has elected to exercise the Extension Right by delivering notice to Landlord as required in this Section 40(a), Tenant shall have no right thereafter to rescind or elect not to extend the term of this Lease for the Extension Term.

(b) **Arbitration.**

(i) Within 10 days of Tenant's notice to Landlord of its election (or deemed election) to arbitrate Market Rate and escalations, each party shall deliver to the other a proposal containing

the Market Rate and escalations that the submitting party believes to be correct (“**Extension Proposal**”). If either party fails to timely submit an Extension Proposal, the other party’s submitted proposal shall determine the Base Rent and escalations for the Extension Term. If both parties submit Extension Proposals, then Landlord and Tenant shall meet within 7 days after delivery of the last Extension Proposal and make a good faith attempt to mutually appoint a single Arbitrator (and defined below) to determine the Market Rate and escalations. If Landlord and Tenant are unable to agree upon a single Arbitrator, then each shall, by written notice delivered to the other within 10 days after the meeting, select an Arbitrator. If either party fails to timely give notice of its selection for an Arbitrator, the other party’s submitted proposal shall determine the Base Rent for the Extension Term. The 2 Arbitrators so appointed shall, within 5 business days after their appointment, appoint a third Arbitrator. If the 2 Arbitrators so selected cannot agree on the selection of the third Arbitrator within the time above specified, then either party, on behalf of both parties, may request such appointment of such third Arbitrator by application to any state court of general jurisdiction in the jurisdiction in which the Premises are located, upon 10 days prior written notice to the other party of such intent.

(ii) The decision of the Arbitrator(s) shall be made within 30 days after the appointment of a single Arbitrator or the third Arbitrator, as applicable. The decision of the single Arbitrator shall be final and binding upon the parties. The average of the two closest Arbitrators in a three Arbitrator panel shall be final and binding upon the parties. Each party shall pay the fees and expenses of the Arbitrator appointed by or on behalf of such party and the fees and expenses of the third Arbitrator shall be borne equally by both parties. If the Market Rate and escalations are not determined by the first day of the Extension Term, then Tenant shall pay Landlord Base Rent in an amount equal to the Base Rent in effect immediately prior to the Extension Term and increased by the Rent Adjustment Percentage until such determination is made. After the determination of the Market Rate and escalations, the parties shall make any necessary adjustments to such payments made by Tenant. Landlord and Tenant shall then execute an amendment recognizing the Market Rate and escalations for the Extension Term.

(iii) An “**Arbitrator**” shall be any person appointed by or on behalf of either party or appointed pursuant to the provisions hereof and: (i) shall be (A) a member of the American Institute of Real Estate Appraisers with not less than 10 years of experience in the appraisal of improved office and high tech industrial real estate in the San Francisco peninsula area, or (B) a licensed commercial real estate broker with not less than 15 years’ experience representing landlords and/or tenants in the leasing of high tech or life sciences space in the San Francisco peninsula area, (ii) devoting substantially all of their time to professional appraisal or brokerage work, as applicable, at the time of appointment and (iii) be in all respects impartial and disinterested.

(c) **Exceptions.** Notwithstanding anything set forth above to the contrary, the Extension Rights shall not be in effect and Tenant may not exercise the Extension Rights:

(i) during any period of time that Tenant is in default under any provision of this Lease (after receipt of written notice and beyond any applicable notice and cure periods); or

(ii) during any period that Tenant (and any transferee pursuant to a Permitted Assignment) is occupying less than 100% of the Premises; or

(iii) if Tenant has been in default (after receipt of written notice and beyond any applicable notice and cure periods) under any provision of this Lease 3 or more times, whether or not such defaults have been cured, during the 12 month period prior to the date on which Tenant seeks to exercise the Extension Right.

(d) **Rights Personal.** The Extension Rights are personal to Tenant and is/are not assignable without Landlord’s prior written consent, which may be granted or withheld in Landlord’s sole discretion separate and apart from any consent by Landlord to an assignment of Tenant’s interest in this Lease, except

that they may be assigned in connection with any assignment of this Lease that constitutes a Permitted Assignment of this Lease.

(e) **No Extensions.** The period of time within which the Extension Rights may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise such Extension Rights.

(f) **Termination.** The Extension Rights shall, at Landlord's option, terminate and be of no further force or effect even after Tenant's due and timely exercise of an Extension Right, if, after such exercise, but prior to the commencement date of the Extension Term, (i) Tenant fails to timely cure any Default by Tenant under this Lease (beyond any applicable notice and cure periods); or (ii) Tenant has Defaulted (beyond any applicable notice and cure periods) 3 or more times during the period commencing on the date of the exercise of such Extension Right to the date of the commencement of the Extension Term, whether or not such Defaults have been cured.

41. Intentionally Omitted.

42. Miscellaneous.

(a) **Notices.** All notices or other communications between the parties shall be in writing and shall be delivered by (i) reputable overnight guaranty courier, (ii) hand delivery with signature confirming receipt, or (iii) email transmission to the email address set forth in the Basic Lease Provisions for the applicable party, which email includes in the subject line (x) the Project address, (y) Tenant name and (z) "NOTICE UNDER LEASE" in all caps, provided a hard copy of any email notice is also sent the same day by one of the delivery methods provided in sub-sections (i) or (ii) (each, a "**Follow Up Notice**"). Notices delivered pursuant to the delivery methods provided in sub-sections (i) or (ii) shall be deemed duly given when actually received by the addressee or when delivery thereof is refused. Notices delivered via email and sent during the hours of 8:00 a.m. and 3:00 p.m. PST shall be deemed duly given on the day sent; provided, however, that any email notice delivered on a Saturday, Sunday or legal holiday observed in the State of California, or after 3:00 p.m. PST shall be deemed given on the next day that is not a Saturday, Sunday or legal holiday observed in the State of California. For the avoidance of doubt, for an email notice to be effective as provided in the immediately preceding sentence, a Follow Up Notice must be delivered to the addressee of the email notice within 48 hours of the date that the email notice is delivered. If a Follow Up Notice is not received within such 48-hour period, actual notice will be deemed to have been given on the date that the Follow Up Notice is delivered rather than on the date of delivery of the email notice. Notwithstanding anything to the contrary contained herein, notice sent via email shall in no event constitute a notice hereunder if the sender receives notice or otherwise has knowledge that the email notice was not properly transmitted or otherwise received by the addressee. All notices shall be delivered to the parties at their addresses set forth in the Basic Lease Provisions. Landlord and Tenant may from time to time by written notice to the other designate another address for receipt of future notices.

(b) **Joint and Several Liability.** If and when included within the term "**Tenant**," as used in this instrument, there is more than one person or entity, each shall be jointly and severally liable for the obligations of Tenant.

(c) **Financial Information.** Tenant shall furnish to Landlord true and complete copies of (i) upon Landlord's written request on an annual basis, Tenant's most recent audited annual financial statements, provided, however, that Tenant shall not be required to deliver to Landlord such annual financial statements for any particular year sooner than the date that is 90 days after the end of each of Tenant's fiscal years during the Term, (ii) upon Landlord's written request on a quarterly basis, Tenant's most recent unaudited quarterly financial statements; provided, however, that Tenant shall not be required to deliver to Landlord such quarterly financial statements for any particular quarter sooner than the date that is 45 days after the end of each of Tenant's fiscal quarters during the Term, (iii) upon Landlord's written request from time to time, updated business plans, including cash flow projections and/or pro forma balance sheets and income statements, all of which shall be treated by Landlord as confidential information belonging to Tenant, (iv) upon Landlord's written request from time to time, corporate brochures and/or profiles prepared by Tenant

for prospective investors, and (v) upon Landlord's written request from time to time, any other financial information or summaries that Tenant typically provides to its lenders or shareholders. Notwithstanding anything to the contrary contained in this Lease, Landlord's written request for financial information pursuant to this Section 42(c) may delivered to Tenant via email. So long as Tenant is a "public company" and its financial information is publicly available, then the foregoing delivery requirements of this Section 42(c) shall not apply.

(d) **Recordation.** Neither this Lease nor a memorandum of lease shall be filed by or on behalf of Tenant in any public record. Landlord may prepare and file, and upon request by Landlord Tenant will execute, a memorandum of lease.

(e) **Interpretation.** The normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any exhibits or amendments hereto. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

(f) **Not Binding Until Executed.** The submission by Landlord to Tenant of this Lease shall have no binding force or effect, shall not constitute an option for the leasing of the Premises, nor confer any right or impose any obligations upon either party until execution of this Lease by both parties.

(g) **Limitations on Interest.** It is expressly the intent of Landlord and Tenant at all times to comply with applicable law governing the maximum rate or amount of any interest payable on or in connection with this Lease. If applicable law is ever judicially interpreted so as to render usurious any interest called for under this Lease, or contracted for, charged, taken, reserved, or received with respect to this Lease, then it is Landlord's and Tenant's express intent that all excess amounts theretofore collected by Landlord be credited on the applicable obligation (or, if the obligation has been or would thereby be paid in full, refunded to Tenant), and the provisions of this Lease immediately shall be deemed reformed and the amounts thereafter collectible hereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder.

(h) **Choice of Law.** Construction and interpretation of this Lease shall be governed by the internal laws of the state in which the Premises are located, excluding any principles of conflicts of laws.

(i) **Time.** Time is of the essence as to the performance of Tenant's obligations under this Lease.

(j) **OFAC.** Tenant and all beneficial owners of Tenant are currently (a) in compliance with and shall at all times during the Term of this Lease remain in compliance with the regulations of the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the "**OFAC Rules**"), (b) not listed on, and shall not during the term of this Lease be listed on, the Specially Designated Nationals and Blocked Persons List, Foreign Sanctions Evaders List, or the Sectoral Sanctions Identification List, which are all maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.

(k) **Incorporation by Reference.** All exhibits and addenda attached hereto are hereby incorporated into this Lease and made a part hereof. If there is any conflict between such exhibits or addenda and the terms of this Lease, such exhibits or addenda shall control.

(l) **Entire Agreement.** This Lease, including the exhibits attached hereto, constitutes the entire agreement between Landlord and Tenant pertaining to the subject matter hereof and supersedes all prior

and contemporaneous agreements, understandings, letters of intent, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements, express or implied, made to either party by the other party in connection with the subject matter hereof except as specifically set forth herein.

(m) **No Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installment of Base Rent or any Additional Rent will be other than on account of the earliest stipulated Base Rent and Additional Rent, nor will any endorsement or statement on any check or letter accompanying a check for payment of any Base Rent or Additional Rent be an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue any other remedy provided in this Lease.

(n) **Landlord's Proprietary Operations.** Tenant acknowledges that Landlord has informed Tenant that Landlord has been made aware of third parties contacting tenants of Landlord and Landlord's affiliates requesting information regarding Landlord's business operations including, without limitation, the type and quality of services provided by Landlord and its affiliates to such tenants. Tenant further acknowledges that Landlord's business operations are proprietary to Landlord and that the sharing by tenants of information regarding Landlord's business operations with third parties may result in damages to Landlord which would be extremely difficult or impossible to ascertain. Except as expressly provided in the following sentence, absent prior written consent from Landlord, Tenant shall hold confidential and will not disclose to third parties, information regarding the Building Systems, controls, equipment, programming, vendors, and specialized amenities of Landlord. Notwithstanding the foregoing, Tenant may disclose such information (v) to Tenant's brokers in connection with any assignment or sublease of this Lease and/or any portion of the Premises, (w) to Tenant's affiliates, provide that Tenant advises Tenant's affiliates such information is confidential, (x) to third parties as reasonably required to facilitate Tenant's business and operations within the Premises (which may include disclosure to successors of Tenant's interest in the Lease, subtenants and licensees), provided that Tenant deliver written notice to all parties requiring them to treat such information as confidential and not disclose to other parties, (y) for compliance with a valid order of a court or other governmental body having jurisdiction, or any law, statute, or regulation, or as otherwise required by law, and (z) in connection with Tenant's enforcement of its rights under this Lease. For avoidance of doubt, disclosure of (i) information ascertainable from signage at the Project, (ii) the mere existence of a restaurant, fitness center or conference center at the Project, or (iii) any information contained in Landlord's marketing materials for the Project, will not violate the disclosure limitations set forth in this paragraph.

(o) **Hazardous Activities.** Notwithstanding any other provision of this Lease, Landlord, for itself and its employees, agents and contractors, reserves the right to refuse to perform any repairs or services in any portion of the Premises which, pursuant to Tenant's routine safety guidelines, practices or custom or prudent industry practices, require any form of protective clothing or equipment other than safety glasses, lab coats and/or gloves. In any such case, Tenant shall contract with parties who are acceptable to Landlord, in Landlord's reasonable discretion, for all such repairs and services, and Landlord shall, to the extent required, equitably adjust Tenant's Share of Operating Expenses in respect of such repairs or services to reflect that Landlord is not providing such repairs or services to Tenant.

(p) **Redevelopment of Project.** Tenant acknowledges that Landlord, in its sole discretion, may from time to time, subject to the terms of the fifth sentence of Section 1 of this Lease, expand, renovate and/or reconfigure the Project as the same may exist from time to time and, in connection therewith or in addition thereto, as the case may be, from time to time without limitation: (a) change the shape, size, location, number and/or extent of any improvements, buildings, structures, lobbies, hallways, entrances, exits, parking and/or parking areas relative to any portion of the Project; (b) modify, eliminate and/or add any buildings, improvements, and parking structure(s) either above or below grade, to the Project, the Common Areas and/or any other portion of the Project and/or make any other changes thereto affecting the same; and (c) make any other changes, additions and/or deletions in any way affecting the Project and/or any portion thereof as Landlord may elect from time to time, including without limitation, additions to and/or deletions from the land comprising the Project, the Common Areas and/or any other portion of the Project, provided that such actions do not materially adversely affect Tenant's use of or access to the

Premises for the Permitted Use. Tenant acknowledges and agrees that construction noise, vibrations and dust associated with normal construction activities in connection with any redevelopment of the Project are to be expected during the course of such construction. Notwithstanding anything to the contrary contained in this Lease, Tenant shall have no right to seek damages (including abatement of Rent) or to cancel or terminate this Lease because of any proposed changes, expansion, renovation or reconfiguration of the Project nor shall Tenant have the right to restrict, inhibit or prohibit any such changes, expansion, renovation or reconfiguration; provided, however, Landlord shall not change the size, dimensions, location or Tenant's Permitted Use of the Premises or materially adversely impact Tenant's use and occupancy of the Premises and/or access to parking at the Project, other than on a temporary basis while construction and related work may be ongoing.

(q) **EV Charging Stations.** To the extent that the Project is not exempt Section 1952.7 of the California Civil Code, Landlord shall not unreasonably withhold its consent to Tenant's written request to install 1 or more electric vehicle car charging stations ("**EV Stations**") in the parking area serving the Project; provided, however, that Tenant complies with all reasonable requirements, standards, rules and regulations which may be imposed by Landlord, at the time Landlord's consent is granted, in connection with Tenant's installation, maintenance, repair and operation of such EV Stations, which may include, without limitation, the charge to Tenant of a reasonable monthly rental amount for the parking spaces used by Tenant for such EV Stations, Landlord's designation of the location of Tenant's EV Stations, and Tenant's payment of all costs whether incurred by Landlord or Tenant in connection with the installation, maintenance, repair and operation of each Tenant's EV Station(s). Nothing contained in this paragraph is intended to increase the number of parking spaces which Tenant is otherwise entitled to use at the Project under Section 10 of this Lease nor impose any additional obligations on Landlord with respect to Tenant's parking rights at the Project.

(r) **California Accessibility Disclosure.** For purposes of Section 1938(a) of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Project has not undergone inspection by a Certified Access Specialist (CASp). In addition, the following notice is hereby provided pursuant to Section 1938(e) of the California Civil Code: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of and in connection with such notice: (i) Tenant, having read such notice and understanding Tenant's right to request and obtain a CASp inspection, hereby elects not to obtain such CASp inspection and forever waives its rights to obtain a CASp inspection with respect to the Premises, Building and/or Project to the extent permitted by Legal Requirements; and (ii) if the waiver set forth in clause (i) hereinabove is not enforceable pursuant to Legal Requirements, then Landlord and Tenant hereby agree as follows (which constitutes the mutual agreement of the parties as to the matters described in the last sentence of the foregoing notice): (A) Tenant shall have the one-time right to request for and obtain a CASp inspection, which request must be made, if at all, in a written notice delivered by Tenant to Landlord; (B) any CASp inspection timely requested by Tenant shall be conducted (1) at a time mutually agreed to by Landlord and Tenant, (2) in a professional manner by a CASp designated by Landlord and without any testing that would damage the Premises, Building or Project in any way, and (3) at Tenant's sole cost and expense, including, without limitation, Tenant's payment of the fee for such CASp inspection, the fee for any reports prepared by the CASp in connection with such CASp inspection (collectively, the "**CASp Reports**") and all other costs and expenses in connection therewith; (C) the CASp Reports shall be delivered by the CASp simultaneously to Landlord and Tenant; (D) Tenant, at its sole cost and expense, shall be responsible for making any improvements, alterations, modifications and/or repairs to or within the Premises to correct violations of construction-related accessibility standards including, without limitation, any violations disclosed by such CASp inspection; and (E) if such CASp inspection identifies any improvements, alterations, modifications and/or repairs necessary to correct violations of

construction-related accessibility standards relating to those items of the Building and Project located outside the Premises that are Landlord's obligation to repair as set forth in this Lease, then Landlord shall perform such improvements, alterations, modifications and/or repairs as and to the extent required by Legal Requirements to correct such violations, and Tenant shall reimburse Landlord for the cost of such improvements, alterations, modifications and/or repairs within 30 days after Tenant's receipt of an invoice therefor from Landlord.

(s) **Shuttle Services.** Landlord and affiliates of Landlord plan to provide a campus shuttle service for the Project and other buildings in the vicinity of the Project that are owned by affiliates of Landlord (the "**Shuttle Service**"); provided, however, that neither Landlord nor any affiliate of Landlord shall be obligated to provide the Shuttle Service (or, once the Shuttle Service has commenced, to continue providing the Shuttle Service for any specific period of time) or to cause the Shuttle Service to follow any specific route, make any specific stops, or adhere to any specific schedule or hours of operation. If Landlord and affiliates of Landlord actually commence operation of the Shuttle Service, (i) Landlord shall give Tenant written notice of the date such operation will commence ("**Shuttle Services Commencement Date**") and the planned route, stops, schedule, and hours of operation, (ii) Landlord shall permit Tenant's employees actually employed at the Project to use the Shuttle Service, and (iii) regardless of whether Tenant's employees use the Shuttle Services, commencing on later to occur of (x) the Shuttle Services Commencement Date, or the Rent Commencement Date, through the earlier of the expiration of the Term or the date that Landlord permanently ceases to provide Shuttle Service, Operating Expenses shall include the cost of provision the Shuttle Service (the "**Shuttle Service Costs**"). Tenant acknowledges and agrees that Landlord has not made any representations or warranties regarding the commencement or continued availability of the Shuttle Service and that Tenant is not entering into this Lease with an expectation that the Shuttle Service shall commence or continue to be available to Tenant throughout the Term.

(t) **Counterparts.** This Lease may be executed in 2 or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature process complying with the U.S. federal ESIGN Act of 2000) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Electronic signatures shall be deemed original signatures for purposes of this Lease and all matters related thereto, with such electronic signatures having the same legal effect as original signatures.

(u) **Prevailing Party's Fees.** In the event that either party should bring suit or commence any suit or proceeding related to this Lease against the other party, then all reasonable costs and expenses, including reasonable attorneys' fees and expert fees, incurred by the prevailing party relating to such legal action shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

[Signatures on next page]



TENANT:

CARGO THERAPEUTICS, INC.,
a Delaware corporation

By: /s/ Gina Chapman
Name: Gina Chapman
Its: CEO

X I hereby certify that the signature, name, and title above are my signature, name and title

and

By: /s/ Anup Radhakrishnan
Name: Anup Radhakrishnan
Its: CFO

X I hereby certify that the signature, name, and title above are my signature, name and title

LANDLORD:

ARE-SAN FRANCISCO NO. 63, LLC,
a Delaware limited liability company

By: Alexandria Real Estate Equities, L.P.,
a Delaware limited partnership,
managing member

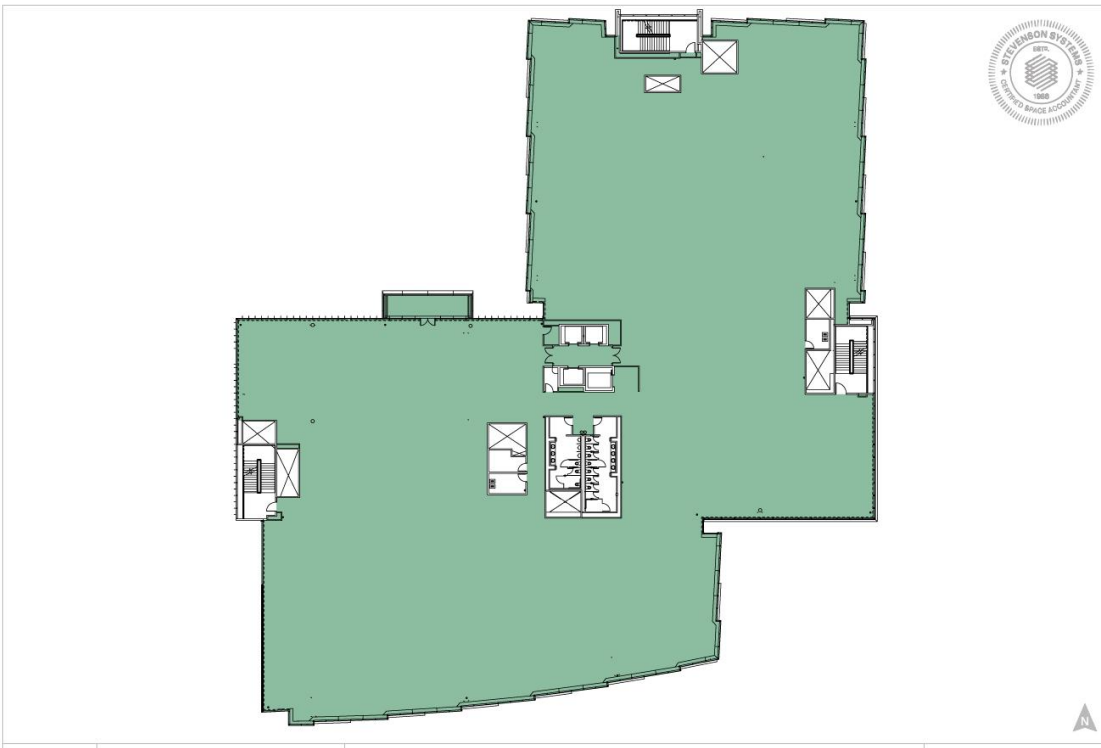
By: ARE-QRS Corp.,
a Maryland corporation,
general partner

By: /s/ Kristen Childs
Its: Vice President-Real Estate

EXHIBIT A TO LEASE

DESCRIPTION OF PREMISES



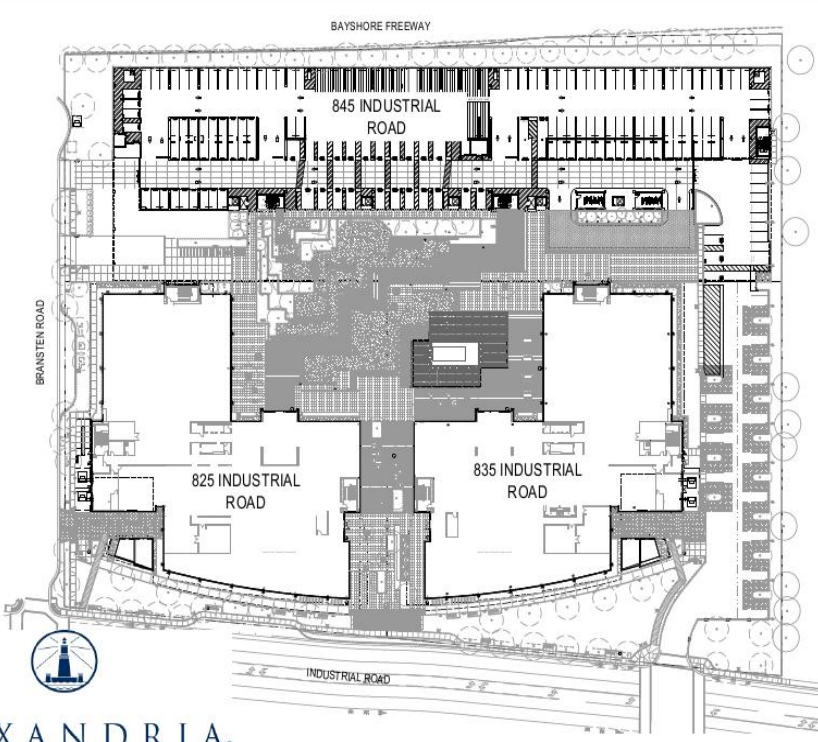


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DESCRIPTION OF PROJECT



Area Tabulations for
Alexandria Properties
825-835 Industrial Road
San Carlos, CA



ALEXANDRIA



DATE: April 2019

Site Plan

PROJECT NO: 17447101

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EXHIBIT C TO LEASE

INTENTIONALLY OMITTED

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ACKNOWLEDGMENT OF COMMENCEMENT DATE

This **ACKNOWLEDGMENT OF COMMENCEMENT DATE** is made this _____ day of _____, _____, between **ARE-SAN FRANCISCO NO. 63, LLC**, a Delaware limited liability company ("**Landlord**"), and **CARGO THERAPEUTICS, INC.**, a Delaware corporation ("**Tenant**"), and is attached to and made a part of the Lease dated _____, 2023 (the "**Lease**"), by and between Landlord and Tenant. Any initially capitalized terms used but not defined herein shall have the meanings given them in the Lease.

Landlord and Tenant hereby acknowledge and agree, for all purposes of the Lease, that the Commencement Date of the Base Term of the Lease is _____, _____, the Rent Commencement Date is _____, _____, and the termination date of the Base Term of the Lease shall be 11:59 p.m. on _____, _____. In case of a conflict between the terms of the Lease and the terms of this Acknowledgment of Commencement Date, this Acknowledgment of Commencement Date shall control for all purposes.

IN WITNESS WHEREOF, Landlord and Tenant have executed this ACKNOWLEDGMENT OF COMMENCEMENT DATE to be effective on the date first above written.

TENANT:

CARGO THERAPEUTICS, INC.,
a Delaware corporation

By:____
Name:____
Its:____

I hereby certify that the signature, name, and title above are my signature, name and title

LANDLORD:

ARE-SAN FRANCISCO NO. 63, LLC,
a Delaware limited liability company

By: Alexandria Real Estate Equities, L.P.,
a Delaware limited partnership,
managing member

By: ARE-QRS Corp.,
a Maryland corporation,
general partner

By: _____
Its: _____



Rules and Regulations

1. The sidewalk, entries, and driveways of the Project shall not be obstructed by Tenant, or any Tenant Party, or used by them for any purpose other than ingress and egress to and from the Premises.
2. Tenant shall not place any objects, including antennas, outdoor furniture, etc., in the parking areas, landscaped areas or other areas outside of its Premises, or on the roof of the Project.
3. Except for animals assisting the disabled, no animals shall be allowed in the offices, halls, or corridors in the Project.
4. Tenant shall not disturb the occupants of the Project or adjoining buildings by the use of any radio or musical instrument or by the making of loud or improper noises.
5. If Tenant desires telegraphic, telephonic or other electric connections in the Premises, Landlord or its agent will direct the electrician as to where and how the wires may be introduced; and, without such direction, no boring or cutting of wires will be permitted. Any such installation or connection shall be made at Tenant's expense.
6. Tenant shall not install or operate any steam or gas engine or boiler, or other mechanical apparatus in the Premises, except as specifically approved in the Lease. The use of oil, gas or inflammable liquids for heating, lighting or any other purpose is expressly prohibited. Explosives or other articles deemed extra hazardous shall not be brought into the Project.
7. Parking any type of recreational vehicles is specifically prohibited on or about the Project. Except for the overnight parking of operative vehicles, no vehicle of any type shall be stored in the parking areas at any time. In the event that a vehicle is disabled, it shall be removed within 48 hours. There shall be no "For Sale" or other advertising signs on or about any parked vehicle. All vehicles shall be parked in the designated parking areas in conformity with all signs and other markings. All parking will be open parking, and no reserved parking, numbering or lettering of individual spaces will be permitted except as specified by Landlord.
8. Tenant shall use commercially reasonable efforts to maintain the Premises free from rodents, insects and other pests.
9. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs or who shall in any manner do any act in violation of the Rules and Regulations of the Project.
10. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to Tenant for any loss of property on the Premises, however occurring, or for any damage done to the effects of Tenant by the janitors or any other employee or person.
11. Tenant shall give Landlord prompt notice of any defects of which Tenant actually becomes aware in the water, lawn sprinkler, sewage, gas pipes, electrical lights and fixtures, heating apparatus, or any other service equipment affecting the Premises.
12. Tenant shall not permit storage outside the Premises, including without limitation, outside storage of trucks and other vehicles, or dumping of waste or refuse or permit any harmful materials to be placed in any drainage system or sanitary system in or about the Premises.

13. All moveable trash receptacles provided by the trash disposal firm for the Premises must be kept in the trash enclosure areas, if any, provided for that purpose.

14. No auction, public or private, will be permitted on the Premises or the Project.

15. No awnings shall be placed over the windows in the Premises except with the prior written consent of Landlord.

16. The Premises shall not be used for lodging, sleeping or cooking (except that Tenant may use microwave ovens, toasters and coffee makers in the Premises for the benefit of Tenant's employees and contractors in an area designated for such items, but only if the use thereof is at all times supervised by the individual using the same) or for any immoral or illegal purposes or for any purpose other than that specified in the Lease. No illegal gaming devices shall be operated in the Premises.

17. Tenant shall ascertain from Landlord the maximum amount of electrical current which can safely be used in the Premises, taking into account the capacity of the electrical wiring in the Project and the Premises and the needs of other tenants, and shall not use more than such safe capacity. Landlord's consent to the installation of electric equipment shall not relieve Tenant from the obligation not to use more electricity than such safe capacity.

18. Tenant assumes full responsibility for protecting the Premises from theft, robbery and pilferage.

19. Tenant shall not install or operate on the Premises any machinery or mechanical devices of a nature not directly related to Tenant's ordinary use of the Premises and shall keep all such machinery free of vibration, noise and air waves which may be transmitted beyond the Premises.

20. Tenant shall cause any vendors and other service providers providing regular service at the Project (including, service providers hired by Tenant to perform services with respect to the Building Systems or to perform janitorial services with respect to the Premises) hired by Tenant to perform services at the Premises or the Project to maintain in effect workers' compensation insurance as required by Legal Requirements and reasonable commercial general liability insurance with coverage amounts reasonably acceptable to Landlord. Tenant shall cause such vendors and service providers to name Landlord and Alexandria Real Estate Equities, Inc. as additional insureds under such policies and shall provide Landlord with certificates of insurance evidencing the required coverages (and showing Landlord and Alexandria Real Estate Equities, Inc. as additional insureds under such policies) prior to the applicable vendor or service provider providing any services to Tenant at the Project.

21. Neither Tenant nor any of the Tenant Parties shall have the right to photograph, videotape, film, digitally record or by any other means record, transmit and/or distribute any images, pictures or videos of all or any portion of the Premises or the Project that could identify the Project or the name of the Project, or that identify Landlord or any other tenants or any affiliates of Landlord or any other tenants. The foregoing is not meant to prohibit individual employees from taking and disseminating photos of themselves or other people within the Premises or at the Project so long as neither the Building nor any proprietary information, equipment or improvements of Landlord are included within such photos or preclude Tenant from recording the Premises or portions of the Project in which the Premises is located for security purposes with security cameras included as part of a security system installed by Tenant as an Alteration pursuant to Section 12 of the Lease.

22. Tenant shall regularly review the guidelines published by the Centers for Disease Control (CDC) and any state and/or local Governmental Authorities, and will implement the practices and procedures suggested thereby, as well as industry standard best practices, to prevent the spread of Infectious Conditions, including, without limitation, COVID-19.

23. Landlord may exclude or expel from the Project any person that is exhibiting symptoms associated with any currently known or unknown Infectious Condition.

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TENANT'S PERSONAL PROPERTY

None.

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EXHIBIT G TO LEASE

EXISTING FF&E

| Room Name | Item Name/ Description | MFR | Make and Model No. | Serial |
|--------------------|--|-----------------|--|----------------------------|
| MB RT | Scepter Automated Cell Counter | Millipore | Scepter 2.0 Automated Cell Counter | |
| MB RT | Nikon Eclipse TS100 Microscope | Nikon | C001315B | |
| MB RT | Nikon Eclipse TS100 Microscope | Nikon | | |
| MB RT | Edgertronic High Speed Camera | Edgertronic | | |
| MB RT | PLATE INCUBATOR | Thermo Fisher | HERAtherm IMH180-S | 41665974 |
| Reagent Prep | Analytical Balance, Max. 200g | Metler-Toledo | AS220.R2 | 422439 |
| Reagent Prep | Plate Sealer | Axygen | PlateMax | LAHSAXY-1301009 |
| Reagent Prep | Micro Balance | Ohaus | SPX2202 | B918598367 |
| ProtEng Yeast | Nikon Eclipse TS100 microscope | Nikon | Eclipse TS100 | |
| MB SELECTION | FACS SORTER (BD FACSJazz) | BD | BD FACS-Jazz | JZ6554900050 |
| MICROSCOPY | | Zeiss | Axio Scan.Z1 | 4631001065 |
| MICROSCOPY | Pannoramic Scan | 3dHISTECH | Pannoramic Scan 2 | |
| MICROSCOPE | Nikon Nie Microscope system plus. | Nikon | Ni-E | |
| MICROSCOPE | Microscope system plus. | Nikon | DS-Ri2 | |
| ProtEng Upstream | Trinocular Microscope | Nikon | Nikon Eclipse TS100 | 151093 |
| Tissue Culture | Microscope | NIKON | Eclipse TS2 and one TS2R | |
| invitro | gentleMACS Octo Dissociator w/heaters | Miltenyi Biotec | gentleMACS Octo Dissociator with heaters | |
| invitro | Microscope eclipse | Nikon | TS2 | |
| ProtEng Downstream | Azure C200 Imaging System | Azure | Azure C200 | 2101 |
| Epitope ID | AKTA Pure L | Cytiva | AKTA Pure | |
| Epitope ID | AKTA Sample pump | AKTA | Sample pump S9 | |
| Epitope ID | FPLC - NGC Quest™ 100 Plus Chromatography System + Comp | Bio-Rad | Bio-Rad NGC Quest™ 100 System, 7880004 | center bench |
| Epitope ID | FPLC - autosampler | Teledyne CETAC | ASX-560 BIO-RAD | center bench w/NGC |
| Epitope ID | HPLC + Autosampler + Comp - Agilent (black and white one) | Agilent | 1260 Infinity II | center bench under beam |
| CB Facs TC | Eclipse TS100 microscope / camera / PC | Nikon | Nikon, TS100/Amazon | |
| Clean Corridor | Hoshizaki F-801MWH Ice flaker | Hoshizaki | F-801MWH | D11242F |
| CB Facs Core | 4 DEG | Kenmore | Kenmore- Fridge | |
| CB Facs Core | -20 DEG | Frigidaire | Frigidaire | |
| CB Facs Core | 4' BSC 11-A2 (no UV) | Baker | Baker | |
| CB Facs Core | FLAM CAB/large | | NA | |
| CB Facs Core | 4' BSC 11-A2 | Baker | Baker | |
| MB RT | 4 DEG Refrigerator | Kenmore | -- | WA44503170 |
| MB RT | 4C Refrigerator, BIRC Supplies | Danby Products | Danby Designer | 11409010050 |
| MB RT | SG504 Biosafety Cabinet | Baker | SterilGARD SG 504 | 114055 |
| MB RT | BSC: SG503A-HE w/FlexAIR | Baker | SterilGARD SG503A- HE | 107537 |
| MB RT | 5' CLASS 11A (Esco Master Mix hood) | ESCO | -- | -- |
| MB RT | Portable bench | 72X30 | | |
| MB RT | Portable bench | 60X30 | | |
| MB RT | Lab (Island) Bench, 48inx30in modular Unit | 60X30 | -- | -- |
| MB RT | Lab (Island) Bench, 48inx30in modular Unit | 60X30 | -- | -- |

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| | | | | |
|-----------------|--|--------------------------|--|-------------------|
| MB RT | Lab (Island) Bench, 48inx30in modular Unit | 60X30 | -- | -- |
| MB RT | Lab (Island) Bench, 48inx30in modular Unit | 60X30 | -- | -- |
| MB RT | Lab (Island) Bench, 48inx30in modular Unit | 60X30 | -- | -- |
| MB RT | Lab (Island) Bench, 48inx30in modular Unit | 48X30 | -- | -- |
| MB RT | Lab (Island) Bench, 48inx30in modular Unit | -- | -- | -- |
| MB RT | Lab (Island) Bench, 48inx30in modular Unit | -- | -- | -- |
| MB RT | 5' CLASS 11A (Esco Master Mix hood) | ESCO | -- | -- |
| Reagent Prep | -20 DEG Freezer | Kenmore | -- | -- |
| Reagent Prep | 4 DEG Refrigerator | Kenmore | -- | -- |
| Reagent Prep | Build-in flammable cabinet | | | |
| Reagent Prep | build-in chemical cabinet | | | |
| Cryo Frz | -80 Freezer #1 | Panasonic | MDF-U76VA | 12077N0043 |
| Cryo Frz | Lab Bench, 5ft, w/ shelf | -- | -- | -- |
| Cryo Frz | -80 Freezer #2 | Panasonic | MDF-U76VA | 15107N0260 |
| Cryo Frz | Lab Bench, 4ft, w/ shelf | -- | -- | -- |
| Cryo Frz | Lab Table, 4ft | | | |
| Cryo Frz | LN2 dewar | | | |
| Cryo Frz | LN2 Sample CryoStorage Unit | Worthington | 24K-CS200 | 30876 |
| | Lab bench 4ft x 3ft | | | |
| | BSC | Baker | Steril Gard | |
| | BSC | Baker | Steril Gard | |
| | 6ft portable lab bench with shelves | | | |
| MB Post Amp | -20 DEG Freezer | Kenmore | -- | -- |
| MB Post Amp | -20 DEG Freezer | Kenmore | -- | -- |
| MB Post Amp | -20 DEG Freezer | Semons | -- | -- |
| MB Post Amp | -20 DEG Freezer | Semons | -- | -- |
| MB Post Amp | Skinny Freezer -20C | | | |
| MB Post Amp | Skinny Fridge 4C | | | |
| MB Post Amp | Small -20 Freezer | | | |
| MB Post Amp | Fume Hood | | | |
| TS SOLV | FLAM CAB | | | |
| Rad Lab - Hot | 4' BSC - Class II B2 | Baker Company | BioChemGard; BCG401 | 137304 |
| Rad Lab - Hot | 4ft BSC- class 2 | Baker Company | SterilGard III Advance; Model: SG 403 | 69151 |
| | Panasonic -80C (Mouse tissues) | | | |
| TM-MB ASSAY LAB | DD DELI | Fisher | Fisher Isotemp GTFBG45CPLA | 300404420 |
| TM-MB ASSAY LAB | -20 Freezer | American Biotech Supply | ABT-HC-MFP-20 | ABS-21056829-2111 |
| TM-MB ASSAY LAB | -80 Freezer | Thermo Fisher Scientific | Thermo Fisher Scientific TSX Series TSX60086A | 1124365701211023 |
| | DD DELI | | | |
| | DD DELI | | | |
| | Combo freezer/fridge | kenmore | | |
| | Combo freezer/fridge | kenmore | | |
| Trans Sci | Accucold Pharmaceutical Storage 4 degree | Accucold | | |
| ProtEng Yeast | MPR-715F combo Lab fridge/freezer | PHCBI | MPR-715F Combo | 18039030 |
| ProtEng Yeast | 4' BSC | Esco | Labculture Reliant Gen 2E Class II Type A2 BSC | 2020-150474 |
| ProtEng Yeast | 4C Deli Fridge | PHCBI | MPR-1412-PA | 21010005 |

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|---------------------|--|------------------|------------------------------------|------------------|
| MB HELPER | 4 DEG/-20 DEG | Panasonic | | |
| MB SELECTION | 4 DEG/-20 DEG | | | |
| MB SELECTION | Ice Maker | | | |
| GLASSWASH | Ice Maker | Hoshizaki | F-330BAH Cubelet Ice Maker | |
| GLASSWASH | Autoclave | Steris | | |
| E coli | Lab Table | | | |
| E coli | Lab Table | | | |
| Media Prep | Milli-Q Integral 15 system | Millipore | MilliQ Integral 15 System | |
| outside of Upstream | Panasonic Narrower -80 freezer | Panasonic | MDF-U33V-PA Ultra Low Temp Freezer | |
| ProtEng Upstream | Deli Fridge double doors | PHCbi | | |
| ProtEng Upstream | PO 4655 Class II Type A2 BSC | NuAire | NU-543-400 Nuaire | 176565101216 |
| ProtEng Upstream | 4' BSC II-A2 | ESCO | Class II BSC AC2-4s9 | 2018-125621 |
| ProtEng Upstream | -20 DEG | Kenmore | white-box type | WB23250682 |
| ProtEng Upstream | 4 DEG | Kenmore | white-box type | WA40602545 |
| ProtEng Upstream | 6' CLASS IIA | ESCO | LA2-6A2-E-PORT | 2019-140072 |
| ProtEng Upstream | 4' BSC II-A2 #2 | ESCO | ESCO LA2-4A2-E-PORT AF | 2020-158843 |
| ProtEng Upstream | 6' BSC II-A2 #2 | ESCO | ESCO LA2-6A2-E-PORT AF | 2020-159883 |
| ProtEng Upstream | Pharmaceutical Refrigerator | Panasonic | MPR-721-PA | 17020067 |
| Tissue Culture | 4 DEG | Kenmore | | 253.6072201 |
| Tissue Culture | 4 DEG | Kenmore | | 253.6072201 |
| Tissue Culture | -20 DEG | Kenmore | 253.2104241 | |
| Tissue Culture | 4' TYPE II-A2 BSC | BAKER | | |
| Tissue Culture | Baker SteriGARD eIII (4ft) | BAKER | | |
| Tissue Culture | 4' TYPE II-A2 BSC | BAKER | | |
| 11000 | 4' TYPE II-A2 BSC | BAKER | | |
| Corridor | -20 DEG AT043686 | Kenmore | 253.2104241 | |
| Corridor | -80 DEG Freezer ("Clinical") AT019126 | ThermoScientific | TSX60086A | 1119686801190120 |
| Corridor | -80 DEG Freezer AT043687 | ThermoScientific | TSX60086A | |
| SHARED TC | -20 Freezer Combo | Kenmore | | |
| Ab Inventory | PO 31274 Danby Designer 4.4 Cubic Feet Compact Refrigerator | | | |
| Target ID | Deli Fridge #1 | PHCBI | MPR-1412-PA | 19040042 |
| Target ID | Deli Fridge #5 | PHCBI | | |
| Target ID | -20C Freezer | Kenmore | | WB45127105 |
| Target ID | -20C Freezer | Frigidaire | | WB91563159 |
| Ab Inventory | 4' BSC | ESCO | ESCO LA2-4A2-E-PORT AF | 2020-158842 |
| invitro | Panasonic double door deli fridge | Panasonic | | MPR-1411-PA |
| invitro | Panasonic double door deli fridge | Panasonic | | MPR-1411-PA |
| invitro | 4 DEG Fridge (this was shared between Target ID and Trans Sci) | Kenmore | | 253.6072201 |
| invitro | -20 DEG Freezer | Kenmore | | 253.2104241 |
| ProtEng Downstream | -80 DEG | Panasonic | MDF-U76VA-PA | 17087No274 |
| ProtEng Downstream | -20 DEG | Kenmore | Kenmore 21 cu ft | |
| ProtEng Downstream | DD DELI | PHCBI | MPR-1412-PA | 19040044 |

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|--------------------|--|-------------------|------------------------|--------------------------|
| ProtEng Downstream | 4' BSC | Nuair | 4' | 1.18639E+11 |
| ProtEng Downstream | PO 14591 DD DELI | PHCBI | MPR-1412-PA | |
| ProtEng Downstream | Water filter: Sartorius arium comfort | Sartorius | arium comfort | |
| Epitope ID | double door deli fridge | Panasonic | | along wall w/Akta inside |
| Epitope ID | Combo 4C fridge and -30C freezer | PHC | MPR-715F-PA | |
| Epitope ID | Freezer -80C | PHC | MDF-U76VA-PA | |
| CB Facs TC | 4' BSC | Baker | Baker, SteriGARD 404 | |
| CB Facs TC | 6' BSC CLASS 11A | Baker | Baker | |
| CB Facs TC | 4 DEG | Whirlpool | Whirlpool - Fridge | |
| CB Facs TC | -20 DEG (small) | Kenmore | Kenmore | |
| CB Facs TC | Lab Bench | | | |
| 12000 | -20 DEG Freezer | Kenmore | -- | -- |
| MB RT | -20 DEG Freezer | Kenmore | -- | -- |
| MB RT | -20 DEG for cDNA/RT plate storage (IRC) | Kenmore | 255.2970201 | BLR2127118920286 |
| Epitope ID | 4' BSC | | ESCO LA2-4A2-E-PORT AF | 2020-158844 |
| Trans Sci | Black freezer/fridge combo | Kenmore | | |
| Trans Sci | White freezer/fridge combo | kenmore | | |
| Trans Sci | Arium advance | Sartorius | (needs new tank) | |
| Utility Room | LN2 distribution manifold | Concoa | 5771113-01-100 | 20C16RPT |
| Utility Room | CO2 distribution manifold | Praxair | Prospec PRS9000 | |
| Utility Room | Compressed air system with pressure vessel and air dryer | Atlas Copco | ZT 15 | API796795 |
| Utility Room | House vacuum system | Atlas Copco | GVS 300A | 36940 |
| Utility Room | Nitrogen charged pre-action fire suppression system | South-Tek Systems | Fireflex N2-Blast | |
| | Office workstations - approximately 151 | | | |
| | Office chairs - approximately 465 | | | |
| | Lab benches | | | |
| | Furniture in conference rooms - approximately 23 | | | |
| | Whiteboards - approximately 67 | | | |
| | TVs - approximately 30 | | | |
| | Miscellaneous office furniture in soft seating and collaboration areas | | | |
| | Lab chairs - approximately 160 | | | |
| | Lab workstations/benches - approximately 260 | | | |
| | All shades @ exterior perimeter windows | | | |
| | All shades @ exterior perimeter windows | | | |
| | Hoshizaki F-330BAH Ice flaker w/H9320-1 filter | | | |
| | Hoshizaki Modular Air-cooled Ice flaks | | | |
| | Ice Machine (Hoshizaki lab grade) | | | |
| | Freezer Ultra Low Temp | Stirling | | |
| | All conference room AV equipment | | | |
| | Wireless Meraki Access Points - installed | | | |
| | Monitor arms and port replicators | | | |
| | Monitors attached to monitor arms | | | |
| | Polycoms in conf rooms | | | |
| CB Facs Core | micro-centrifuge | Eppendorf | Eppendorf, 5418 | |

| | | | | |
|--------------------|----------------------------------|------------|--|----------|
| ProtEng Yeast | Static non-CO2 incubator | VWR | 89511-418 (Grav Conv 2.6 CF) Type Code: 51030015 | 42335717 |
| ProtEng Downstream | iBind | Invitrogen | | |
| ProtEng Downstream | iBindFlex | Invitrogen | | |
| TM-MB ASSAY LAB | Digital Microscope Slide Scanner | Leica | Aperio AT2 | 7838 |



**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Gina Chapman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CARGO Therapeutics, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
4. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
5. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 13, 2023

/s/ Gina Chapman

Gina Chapman

Chief Executive Officer

(Principal Executive Officer)

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Anup Radhakrishnan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CARGO Therapeutics, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 13, 2023

/s/Anup Radhakrishnan

Anup Radhakrishnan

Chief Financial Officer

(Principal Financial Officer)

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Gina Chapman, Chief Executive Officer of CARGO Therapeutics, Inc. (the “Company”), and Anup Radhakrishnan, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2023, to which this Certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 13, 2023

By: /s/ Gina Chapman

Gina Chapman

Chief Executive Officer

(Principal Executive Officer)

Date: December 13, 2023

By: /s/ Anup Radhakrishnan

Anup Radhakrishnan

Chief Financial Officer

(Principal Financial Officer)
