UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

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: 001-39401

iTeos Therapeutics, Inc.

(Exact name of Registrant as specified in its Charter)

Delaware	**84-3365066**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
321 Arsenal St Watertown, MA	**02472**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (339) 217 0161

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, $0.001 par value per share	ITOS	Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ☐ NO ☒

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 (§232.40a5 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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on The NASDAQ Stock Market on March 18, 2022, was $855.2 million.

The number of shares of Registrant's Common Stock outstanding as of March 18, 2022 was 35,514,613.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2021 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days of the end of the registrant's fiscal year ended December 31, 2021 are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent stated herein.

PCAOB No. 1133 Auditor Name: Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL Auditor Location: Zaventem, Belgium

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Special note regarding forward-looking statements

This Annual Report on Form 10-K, including the sections entitled “jRisk factors,” “Management’s discussion and analysis of financial condition and results of operations,” and “Business,” contains express or implied forward-looking statements. These statements relate to future events or future operational or financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements in this Annual Report on Form 10-K include, but are not limited to, statements about:

- the timing, progress and success of our clinical trials of EOS-448 and inupadenant and any other product candidates, including statements regarding the timing of initiation and completion of studies or trials and related preparatory work, the period during which the results of the trials will become available and our research and development programs;
- whether the results of our trials will be sufficient to support domestic or foreign regulatory filings or approvals for EOS-448 and inupadenant or any other product candidates we may develop;
- regulatory actions with respect to our product candidates or our competitors’ products and product candidates;
- our ability to obtain, including on an expedited basis, and maintain regulatory approval of EOS-448 and inupadenant or any other product candidates we may develop;
- the outcomes of our preclinical studies;
- our ability to enroll patients in our clinical trials at the pace that we project;
- our ability to advance our programs on indicated timelines, including our plans to advance inupadenant into randomized controlled trials in combination;
- the costs of development of our product candidates or clinical development programs;
- the period of time over which our existing capital resources will be sufficient to fund our operating expenses and capital expenditures, and the degree to which such resources will enable us to fund our planned development of EOS-448 and inupadenant and any other product candidates we may identify and pursue;
- the potential attributes and clinical benefits of the use of EOS-448 and inupadenant or any other product candidate, if approved;
- our ability to successfully establish or maintain collaborations or strategic relationships for our product candidates;
- the expected benefits of collaborations, including potential milestones and royalty payments from GSK pursuant to the GSK Collaboration Agreement (as defined herein);
- the rate and degree of market acceptance of EOS-448 and inupadenant or any other product candidates we may identify and pursue;
- our ability to obtain orphan drug or Breakthrough Therapy designation or other accelerated approval for any of our product candidates or any other product candidates that we may identify and pursue;
- our ability to manufacture EOS-448 and inupadenant or any other product candidate in conformity with the Food and Drug Administration’s requirements and to scale up manufacturing of our product candidates to commercial scale, if approved;
- our ability to compete with companies currently producing or engaged in the clinical development of treatments for the disease indications that we pursue or treatment modalities that we develop;
- our reliance on third parties to conduct our clinical trials;

- our reliance on third-party contract manufacture organizations (CMOs) to manufacture and supply our product candidates for us;
- our ability to retain and recruit key personnel;
- our ability to obtain and maintain intellectual property protection for EOS-448 and inupadenant or any other product candidates we may identify and pursue;
- our estimates of our expenses, ongoing losses, future revenue, capital requirements and our need for or ability to obtain additional financing;
- our expectations regarding the time during which we will be an emerging growth company under the Jumpstart Our Business Startups Act, or JOBS Act;
- our future financial performance;
- the effect of the COVID-19 pandemic, including mitigation efforts and economic effects, on any of the foregoing or other aspects of our business operations, including but not limited to our preclinical studies and future preclinical and clinical trials;
- the impact of laws and regulations applicable to our industry; and
- developments and projections relating to our competitors or our industry.

In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue” or the negative of these terms or other comparable terminology, although not all forward-looking statements contain such identifying terminology. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties, and other factors, which are, in some cases, beyond our control and which could materially affect our results and financial condition. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under the section titled “Risk factors” and elsewhere in this Annual Report on Form 10-K and in any subsequent filings with the Securities and Exchange Commission (SEC). If one or more of these risks or uncertainties occur, or if underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance. You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed with the SEC as exhibits to this Annual Report on Form 10-K, completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements.

While we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K.

This Annual Report on Form 10-K also contains estimates, projections and other information concerning our industry, our business and the markets for our product candidates. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances that are conveyed in this information. Unless otherwise expressly stated, we obtained this industry, business, market, and other data from our own internal estimates and research as well as from reports, research surveys, studies, and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources. While we are not aware of any misstatements regarding any third-party information presented in this Annual Report on Form 10-K, their estimates, in particular, as they relate to projections, involve numerous assumptions, are subject to risks and uncertainties and are subject to change based on various factors, including those discussed under the section titled “Risk factors” and elsewhere in this Annual Report on Form 10-K, and in any subsequent filings with the SEC.

Risk Factor Summary

The risk factors detailed in Item 1A entitled “Risk Factors” in this Annual Report on Form 10-K are the risks that we believe are material to our investors and a reader should carefully consider them. Those risks are not all of the risks we face and other factors not presently known to us or that we currently believe are immaterial may also affect our business if they occur. The following is a summary of the principal risk factors detailed in Item 1A:

- We must complete successful preclinical studies and clinical trials that demonstrate the safety and efficacy of the product candidates before we can begin the commercialization process.
- Challenges enrolling patients in our clinical trials may delay or prevent clinical trials of our product candidates.
- We anticipate that our future product candidates will be used in combination with third-party drugs or biologics, some of which are still in development, and we have limited or no control over the supply, regulatory status, or regulatory approval of such drugs or biologics.
- Interim “top-line” and preliminary results from our clinical trials that we announce or publish from time to time may change as more patient data become available, and audit and verification procedures could result in material changes in the final data.
- We may not be able to file investigational new drug (IND) applications or IND amendments to commence additional clinical trials on the timelines indicated, and, even if we are able to file, the Federal Drug Administration, or FDA, or a comparable foreign regulatory may not permit us to proceed.
- We face significant competition from other biopharmaceutical and biotechnology companies, academic institutions, government agencies, and other research organizations, which may result in others discovering, developing, or commercializing products more quickly or marketing them more successfully than us. If their product candidates are shown to be safer or more effective than ours, our commercial opportunity may be reduced or eliminated.
- Negative developments in the field of immuno-oncology or in the field of TIGIT (as defined herein) or adenosine pathway therapeutics could damage public perception of our product candidates and negatively affect our business.
- If we are unable to successfully commercialize any product candidate for which we receive regulatory approval, or experience significant delays in doing so, our business will be materially harmed.
- The regulatory approval processes of the FDA and comparable foreign regulatory authorities are lengthy, time consuming and inherently unpredictable. If we experience delays in obtaining, required regulatory approvals, our ability to generate revenue may be materially impaired.
- We rely on third parties to conduct our clinical trials and perform some of our research and preclinical studies. Failure by these third parties to satisfactorily carry out their contractual duties or to meet expected deadlines may adversely impact our development programs, business and prospects.
- We may not realize the benefits of our collaborations, alliances or licensing arrangements, including our collaboration with GSK (as defined herein) for the global development of EOS-448.
- We rely on third parties to manufacture our product candidates, and we expect to continue to rely on third parties for the clinical as well as any future commercial supply of our product candidates and other future product candidates. The development of our current and future product candidates, and the commercialization of any approved products, could be stopped, delayed or made less profitable if any such third party fails to provide us with sufficient clinical or commercial quantities of such product candidates or products, fails to do so at acceptable quality levels or prices or fails to achieve or maintain satisfactory regulatory compliance.
- Our limited operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

- We will require additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our product development or commercialization efforts.
- If we are unable to obtain and maintain sufficient intellectual property protection for our current product candidates or any future product candidates, or if the scope of the intellectual property protection is not sufficiently broad, our competitors could develop and commercialize products similar or identical to ours, and our ability to commercialize successfully our products may be adversely affected.
- The current public health pandemic related to COVID-19 may adversely impact our operations, business and financial results.
- We are highly dependent on our key personnel, and if we are not successful in attracting and retaining highly qualified personnel, we may not be able to implement successfully our business strategy.
- The trading price of our common stock has been and may continue to be volatile.

PART I

Item 1. Business.

Overview

We are a clinical-stage biopharmaceutical company pioneering the discovery and development of a new generation of highly differentiated immuno-oncology therapeutics for people living with cancer. We leverage our deep understanding of tumor immunology and immunosuppressive pathways to design novel product candidates with the aim of restoring the immune response against cancer. Our innovative pipeline includes two clinical-stage programs targeting novel, de-risked immuno-oncology pathways. Each of our therapies in development has optimized pharmacologic properties designed to improve clinical outcomes.

Our lead antibody product candidate, EOS-448, also known as GSK4428859A, is an antagonist of TIGIT, or T-cell immunoreceptor with Ig and ITIM domains, an immune checkpoint with multiple mechanisms of action. EOS-448 was selected for its affinity for TIGIT, its potency and its potential to engage the Fc gamma receptor, or FcγR, to activate dendritic cells, natural killer cells and macrophages and to promote cytokine release, activation of antigen presenting cells and antibody-dependent cellular cytotoxicity, or ADCC, activity. In 2020, we started an open-label Phase 1/2a clinical trial of EOS-448 in adult cancer patients with advanced solid tumors. In April 2021, we reported preliminary safety, pharmacokinetic, engagement and pharmacodynamic data, indicating target engagement and early evidence of clinical activity as a single agent. In September 2021, we dosed the first patients in a Phase 1/2 clinical trial of EOS-448 in combination with pembrolizumab and in combination with our $A_{2A}R$ antagonist inupadenant in patients with solid tumors. As of January 2022, we continue to explore EOS-448 in combination with pembrolizumab, dostarlimab or inupadenant in patients with solid tumors in ongoing Phase 1b trials.

Based on favorable preclinical data generated in collaboration with Fred Hutchinson Cancer Research Center, we are also advancing an open-label dose-escalation/expansion Phase 1/2 trial evaluating the safety, tolerability and preliminary activity of EOS-448 as monotherapy and in combination with Bristol Myers Squibb's iberdomide - a novel, potent oral cereblon E3 ligase modulator (CELMoD®) compound with enhanced tumoricidal and immune-stimulatory effects compared with immunomodulatory (IMiD®) agents - with or without dexamethasone, in adults with relapsed or refractory multiple myeloma.

On June 11, 2021, our wholly owned subsidiary, iTeos Belgium S.A., and GlaxoSmithKline Intellectual Property (No. 4) Limited, or GSK, executed a Collaboration and License Agreement, or the GSK Collaboration Agreement, which became effective on July 26, 2021. Pursuant to the GSK Collaboration Agreement, we agreed to grant GSK a license under certain of our intellectual property rights to develop, manufacture, and commercialize products comprised of or containing EOS-448, which license is exclusive in all countries outside of the United States and co-exclusive, with iTeos, in the United States. GSK and iTeos intend to develop EOS-448 in combination, including with other oncology assets of GSK, and iTeos and GSK will jointly own the intellectual property created under the GSK Collaboration Agreement that covers such combinations. In partnership with GSK, iTeos has dosed the first patients in a clinical trial assessing the doublet of GSK's anti-PD-1 (dostarlimab) with EOS-448. We plan to evaluate this combination in registration-directed trials in first line PD-L1 high non-small cell lung cancer, head and neck squamous cell carcinoma and an additional indication. We and GSK also are initiating Phase 1b trials with novel triplets, including dostarlimab with EOS-448 and inupadenant as well as EOS-448 with dostarlimab and GSK's anti-CD96 antibody, GSK'608.

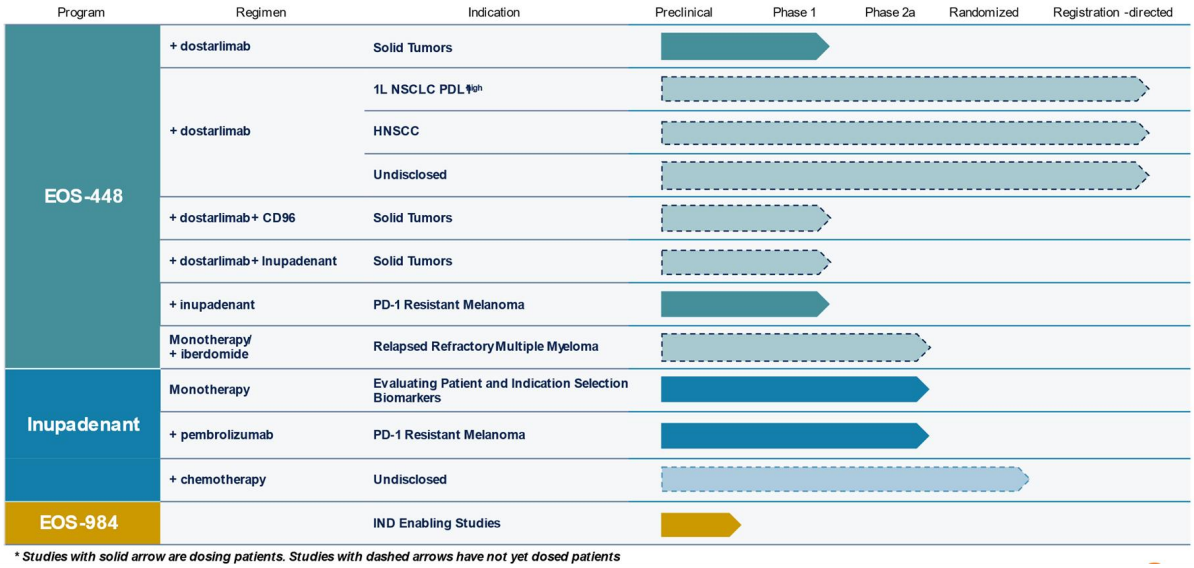
We are also advancing inupadenant, a next-generation adenosine A_{2A} receptor antagonist tailored to overcome the specific adenosine-mediated immunosuppression found in tumor microenvironment, into proof-of concept trials in several indications following encouraging single-agent activity in Phase 1. We are investigating inupadenant in an open-label multi-arm Phase 1/2a clinical trial in adult cancer patients with advanced solid tumors. The single-agent dose-escalation and expansion portions of our Phase 1/2a clinical trial of inupadenant have demonstrated durable monotherapy antitumor activity in patients with advanced solid tumors and safety consistent with previously reported results. As part of this monotherapy assessment of inupadenant, we identified a potential predictive biomarker and we continue to evaluate this signal in the ongoing Phase 1b/2a trial. In 2022, we plan to initiate a randomized Phase 2 trial in a solid tumor indication to evaluate the combination of inupadenant with chemotherapy compared to standard of care chemotherapy alone. We have completed enrollment in the safety evaluation portion of the clinical trial of inupadenant in combination with chemotherapy and with pembrolizumab, as well as the monotherapy expansion cohort in prostate cancer. We have initiated an

expansion arm evaluating inupadenant in combination with pembrolizumab in patients with PD-1-resistant melanoma, currently in an ongoing trial. In addition, we are evaluating a salt form of inupadenant in a Phase 1 study.

We began our research and development activities as a spin-off of Ludwig Cancer Research and have built significant expertise in designing novel cancer immunotherapies. Our internal research and development team has extensive expertise in tumor immunology, characterization of immunosuppressive mechanisms in the tumor microenvironment, pharmacology and translational medicine. We have also built discovery capabilities to develop both small molecules and antibodies with differentiated and optimized product profiles for targets validated by a strong scientific rationale. We continue to progress research programs focused on additional targets that complement our TIGIT and $A_{2A}R$ programs or address additional immunosuppressive pathways. In September 2021, we nominated a product candidate in the adenosine pathway for Investigational New Drug, or IND, enabling studies. Our expertise also allows us to integrate a biomarker-rich strategy into our clinical programs to measure the activity of a product candidate in patients, seek to optimize combination agents and identify patients we deem most likely to benefit from treatment.

Our pipeline

The following chart summarizes our pipeline of therapeutic candidates.



Objectives and Business Strategy

Our vision is to transform the treatment of people living with cancer by creating a broad portfolio of immuno-oncology therapies targeting major mechanisms of immunosuppression on in the tumor microenvironment. The key pillars of our strategy to achieve our vision include:

- **Advance the development of our clinical candidates toward registration**. Our goal is to build upon the differentiated profile and encouraging preliminary single-agent activity of inupadenant to advance it through clinical development and regulatory approval. In collaboration with GSK, we aim to exploit the broad potential of TIGIT inhibition and advance EOS-448, our FcγR engaging anti-TIGIT antibody, through clinical development and regulatory approval.
- **Leverage our deep understanding of immune pathways and the tumor microenvironment to identify and develop additional novel product candidates.** Since our inception, we have established extensive knowledge in immuno-metabolism, characterization of the immunosuppressive mechanisms in the tumor microenvironment, pharmacology and translational medicine. We will continue to apply our expertise in understanding and targeting immunosuppressive cells and mechanisms of resistance within the tumor

microenvironment. Once these new targets are validated, we will use our expertise to develop differentiated clinical candidates to progress in clinical development for the treatment of cancer.

- **Maximize the value of our product candidates and pipeline by selectively entering into strategic collaborations.** We seek to establish collaborative relationships that will provide us with access to capital, opportunities and/or expertise to move our clinical products toward commercialization. In June 2021, we entered into the GSK Collaboration Agreement to co-develop and co-commercialize EOS-448. Under the GSK Collaboration Agreement, GSK made an upfront payment of $625.0 million to us, and we are also eligible to receive up to $1.45 billion in milestone payments, contingent upon the EOS-448 program achieving certain development and commercial milestones. By combining forces with GSK's and their global reach and leading pipeline in the CD226 pathway, this collaboration expands and accelerates our ability to bring EOS-448 to patients globally in multiple indications. In addition, we have and may in the future enter into collaborations that grant us access to certain compounds owned by third parties to enable therapeutic combinations that could enhance the clinical and commercial potential of our product candidates. For example, we entered into a non-exclusive, clinical supply agreement with Merck & Co, or Merck, to evaluate inupadenant in combination with pembrolizumab and with Bristol Myers Squibb to evaluate EOS-448 in combination with iberdomide.
- **Maintain a strong culture of innovation and putting patients first**. We will continue to nurture our culture, which is based on scientific innovation, collaboration, excellence and putting patients first in everything we do. We believe that our presence in the United States and Belgium is a strategic advantage that enhances our ability to attract global talent and remain at the forefront of innovation in the field of immuno-oncology.

The promise of immuno-oncology

In recent years, the treatment of cancer has been reshaped by the promise of immuno-oncology therapies. These therapies work to harness the patients' own immune system to attack their own cancer tissue. The most widely used of these interventions are the immune checkpoint inhibitors, or CPIs, with anti-PD-1 antibodies being the most successful immunotherapies. Immune checkpoints are proteins on certain immune cells that regulate the activation, often functioning as on-off switches, of effector cells. The success of these CPIs has demonstrated the potential of harnessing the immune system to treat cancer and increased understanding of the sophisticated mechanisms by which cancer evades the immune system.

Our drug discovery efforts are dedicated to understanding immune resistance pathways with the specific goal of generating differentiated product candidates that restore the immune response against cancer. We currently have two clinical-stage product candidates, EOS-448 and inupadenant, each targeting a key mechanism which may inhibit an effective antitumor immune response: the novel checkpoint TIGIT pathway, and the adenosine pathway, respectively. We believe that both product candidates have the potential to increase patient responses to immunotherapy, including in patients resistant to currently approved CPIs. We are also using our deep understanding of critical immune resistance pathways to identify new targets and generate additional product candidates that have the potential to be complementary current cancer therapies and to EOS-448 and inupadenant.

EOS-448

Highlights of EOS-448

1. **Clinical proof of concept of anti-TIGIT antibodies.** EOS-448 is an antibody specifically designed to target TIGIT, a receptor expressed on immune cells, particularly tumor-infiltrating lymphocytes, or TILs. Its main ligands play both inhibitory and stimulatory roles in regulating immune response and are highly expressed in tumors, where they have been shown to mediate immunosuppression. In the TIGIT field, recent randomized Phase 2 data in non-small cell lung cancer that demonstrated clinical benefit of a-TIGIT treatment and three Phase 3 readouts expected in 2022 uniquely position anti-TIGIT antibodies as a promising next generation cancer immunotherapy.
2. **An anti-TIGIT with strong antagonist potency.** EOS-448 is a recombinant, fully human IgG1 monoclonal antibody directed against human TIGIT that we selected for clinical development based on its favorable characteristics, including affinity, competition with TIGIT ligands CD155 and CD112, cross-reactivity to TIGIT in non-human primates, functionality and suitability for

development.

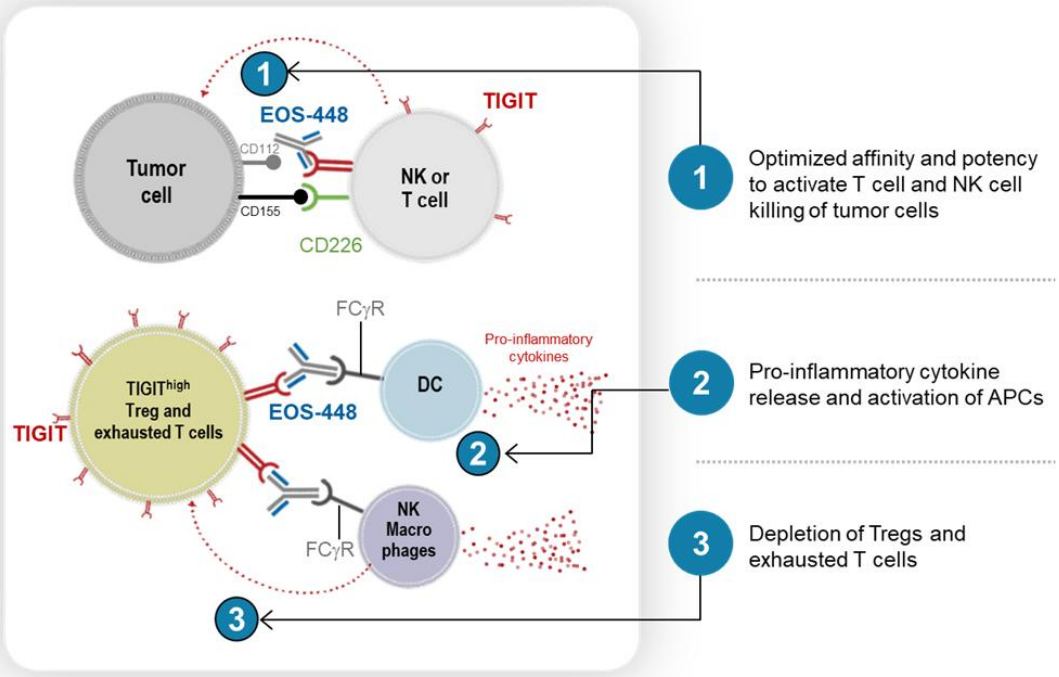
We produced biosimilar versions of anti-TIGIT antibodies, in development by other companies, based on sequences from the patents of Mereo, Genentech, Bristol-Myers Squibb, Merck and Arcus and compared them to EOS-448 in preclinical assays. As compared to these antibodies, EOS-448 has similar or higher binding affinity for CD8+ T cells and ability to prevent the interaction between TIGIT and CD155 ligand at minimal concentrations of the antibody. EOS-448 also exhibited stronger potency as determined using an IL-2 promoter-dependent functional assay. This is the result of our screening studies, during which we observed that functional activity can be independent of affinity, and selection of a clone that was optimized for both.

In preclinical models, we also showed that our anti-TIGIT antibody delayed tumor growth and caused tumor regression both as monotherapy and in combination with other cancer therapies, including anti-PD-1 antibodies.

We believe these properties could translate into superior clinical benefit of EOS-448 as compared to other anti-TIGIT antibodies in development.

3. **An FcγR-activating anti-TIGIT antibody *to restore anti-tumor activity via multiple mechanisms*.** EOS-448 is designed to restore immune responses through multiple mechanisms. First, EOS-448 is designed to block the binding of the ligands, CD155 and CD112, to TIGIT, which frees these ligands to bind to the stimulatory receptor, CD226, expressed both on NK and T cells, resulting in activation of these immune cells and in immune-mediated killing of tumor cells. Second, as the antibody has been designed as a fully functional IgG1, EOS-448 can engage Fcγ receptors expressed on dendritic cells and macrophages leading to pro-inflammatory signal and enhanced immune activation. Third, these activated macrophages and NK cells can induce antibody-mediated cell cytotoxicity and directly kill the cells expressing the highest level of TIGIT in the tumor microenvironment, which are the immunosuppressive regulatory T cells (Tregs) and the terminally exhausted T cells . With those multiple mechanisms of action, EOS-448 is well suited to improve the balance of effector versus suppressive immune cells and restore the antitumor immune response, particularly in combination with other immune checkpoint drugs.

4. **EOS-448 demonstrates strong target engagement and early sign of activity in patients.** EOS-448 is currently under clinical development and early clinical trials have demonstrated strong target engagement in patients treated with different concentration of the drug. Early clinical data suggest that proliferation marker are increased in T cells of treated patients while suppressive regulatory T cells are strongly depleted quickly after the initial dosing with EOS-448. In addition, multiple patients have experienced prolonged disease stabilization and some regression of tumor size was observed in subjects treated with the drug as single agent. EOS-448 is currently tested in multiple studies and in multiple combinations with the goal of expanding its antitumor potential.



EOS-448's Multi-faceted Mechanism

Clinical Development and the Potential of EOS-448

We believe that EOS-448 has the potential to provide therapeutic benefit to patients across a wide array of tumors. Combination experiments in preclinical models suggest that combining EOS-448 with a number of other immuno-oncology agents and chemotherapy regimens may lead to improved outcomes.

In 2020, we enrolled an open-label Phase 1/2a clinical trial of EOS-448 in adult cancer patients with advanced solid tumors. In April 2021, we reported preliminary safety, pharmacokinetic, engagement and pharmacodynamic data, indicating target engagement and early evidence of clinical activity of a single agent. In September 2021, we dosed the first patients in a Phase 1/2 clinical trial of EOS-448 in combination with pembrolizumab and in combination with inupadenant in patients with solid tumors.

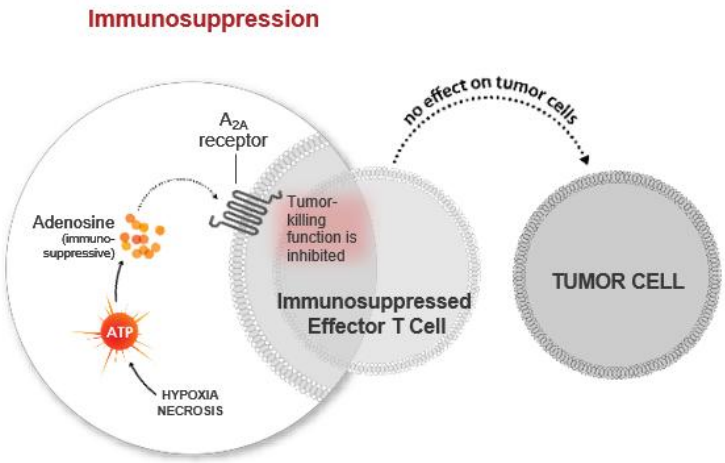
As of January 2022, we continue to examine EOS-448 in combination with pembrolizumab and in combination with inupadenant in patients with solid tumors in an ongoing Phase 1b trial. We are also advancing an open-label, multicenter, dose-escalation/expansion Phase 1/2 trial evaluating the safety, tolerability and preliminary activity of EOS-448 as monotherapy and in combination with Bristol Myers Squibb's iberdomide, with or without dexamethasone, in adults with relapsed or refractory multiple myeloma, based on favorable preclinical data generated with Fred Hutchinson Cancer Research Center.

In partnership with GSK, iTeos has dosed the first patients in a clinical trial assessing the doublet of GSK's anti-PD-1 (dostarlimab) with EOS-448. We plan to evaluate this combination in registration-directed trials in first line PD-L1 high non-small cell lung cancer, head and neck squamous cell carcinoma and an additional indication. We and GSK also are initiating Phase 1b trials with novel triplets, including dostarlimab with EOS-448 and inupadenant as well as EOS-448 with dostarlimab and GSK's anti-CD96 antibody, GSK'608.

Inupadenant
Inupadenant is an $A_{2A}R$ antagonist that we engineered to specifically inhibit the immunosuppressive activity of adenosine found in the tumor microenvironment. Hypoxia and cell necrosis in the tumor lead to the release of ATP, which is converted to adenosine by adenosine producing enzymes. Adenosine primarily exerts its immunosuppressive effects through the $A_{2A}R$, a receptor found on a broad range of immune cells in the tumor microenvironment. Inupadenant is designed to release adenosine-driven immunosuppression, ultimately allowing T cells to kill their tumor targets. Inupadenant, unlike other $A_{2A}R$ antagonists in IO, has been specifically designed to maintain potency even in the very high concentrations of adenosine found in tumor tissue. We believe that elevated levels of adenosine in the tumor microenvironment may be a modulator of resistance to current cancer therapies, including both CPIs and chemotherapy. High activity of soluble CD73 is associated with poor overall survival and PFS in patients with metastatic melanoma treated with nivolumab, an anti-PD-1 CPI. An association between high adenosine blood concentrations and lack of response to nivolumab has been shown in a clinical trial of renal cell cancer patients conducted by others. In this trial, patients who failed to respond to nivolumab had significantly higher blood adenosine levels than those who responded, both at baseline (158% higher) and at four weeks after initiation of treatment (138% higher). Patients with baseline adenosine levels in the top quartile also had a significantly worse PFS. These data further support our belief that adenosine plays an important role in resistance to CPIs such as nivolumab. Additional data support a potential role in chemotherapy-induced resistance, as chemotherapy has been shown in some cases to increase the production of adenosine in the tumor microenvironment and some chemotherapeutics induce adenosine-mediated immunosuppression that may limit the efficacy of these therapies.

Differentiation of inupadenant
We believe inupadenant has three key characteristics that provide the molecule with a unique profile and potential advantages in clinical settings when compared to other $A_{2A}R$ antagonists currently in development:

1. ***High affinity for $A_{2A}R$ and insurmountable antagonism***. Adenosine is widely accepted as a driver of immunosuppression in cancer tissue. What is less appreciated is the fact that the immunosuppression is driven by very high concentrations of adenosine – concentrations that can be in the high micromolar range. To overcome these very high concentrations we have designed inupadenant to be what is known as an insurmountable antagonist. This means that the drug is capable of potently blocking the A_{2A} receptor at any concentration of adenosine. Inupadenant achieves this through a combination of affinity and an extended residence time, the length of time the drug remains bound to its receptor. In our *in vitro* studies, we assessed this characteristic in functional T cell assays and compared inupadenant to a range of competitor antagonists. In these assays, we observed that at low adenosine concentrations, inupadenant was the most potent antagonist of the $A_{2A}R$ antagonists we tested, and most notably, when compared to other antagonists developed by competitors, the potency of inupadenant was not reduced at the high adenosine concentrations typically found in the tumor microenvironment.
2. ***Inupadenant has higher selectivity for $A_{2A}R$ than other antagonists in clinical development***. Because $A_{2A}R$ is the primary adenosine receptor on immune cells, we believe that the high specificity of inupadenant will enable it to have potent effects on immune cell function in solid tumors and hematological malignancies, while avoiding potential adverse effects that may be associated with inhibition of other subtypes of adenosine receptors with broader expression profiles. We conducted a study showing the IC_{50} for inhibition of cAMP production in HEK cells overexpressing one of the four adenosine receptors, comparing inupadenant and three other adenosine antagonists currently in development. Inupadenant was the most potent $A_{2A}R$ antagonist among other antagonists as demonstrated by the very low concentrations of drug required to give a 50% response in a functional assay. Higher concentrations were required to give the same effect on other adenosine receptors, further supporting the high selectivity of inupadenant.
3. ***Inupadenant is designed not to cross the blood brain barrier.*** Unlike first generation $A_{2A}R$ antagonists, we designed inupadenant specifically to avoid penetration to the CNS through crossing of the blood-brain barrier. In preclinical models, inupadenant displayed less than 1% blood-brain barrier penetration, and, accordingly, we believe it is designed to minimize the potential for adverse CNS effects.



We are focused on the direct target for adenosine, its receptor, and we chose $A_{2A}R$ as it is the most highly expressed in relevant immune cell populations and one of the receptors with high affinity for the adenosine, rather than targeting upstream enzymes that are involved in production of adenosine. We selected $A_{2A}R$ as the target for inupadenant because we believe it is a key actor that mediates the immunosuppressive effects of adenosine regardless of the source of adenosine production.

Clinical development of inupadenant

We began to assess inupadenant in combinations with chemotherapy or with pembrolizumab starting in the third quarter of 2020, initially evaluating safety and tolerability of the combination regimens in patients with solid tumors. We are currently conducting an ongoing Phase 1/2a trial evaluating the safety, tolerability, pharmacokinetics, pharmacodynamics and antitumor activity of inupadenant monotherapy to define the maximum tolerated dose and recommended Phase 2 dose of inupadenant as a single agent and in combination with pembrolizumab and/or chemotherapy in patients with advanced solid tumors.

In June 2021, we presented new clinical data from the Phase 1/2a clinical trial of inupadenant, providing an update on 21 patients enrolled in the single-agent dose-escalation and new data on 22 patients enrolled in the dose expansion. The results from the single-agent dose-escalation and expansion portions of the trial provided evidence of durable antitumor activity in patients with advanced solid tumors and indicated safety consistent with previously reported results. Inupadenant has been reported to be generally well-tolerated, and the three serious adverse events, or SAEs, considered possibly related to treatment with inupadenant had plausible alternate causes and do not represent a new safety concern for the program. Additionally, preliminary analyses of pre-treatment tumor biopsies indicated that the expression of $A_{2A}R$ is associated with clinical outcomes in patients with solid tumors treated with single agent inupadenant.

We plan to continue development of inupadenant both (1) as a monotherapy to further evaluate activity and relevant biomarkers for patient selection and (2) in combination with pembrolizumab or EOS-448 in melanoma after PD-1 treatment and (3) in combination with chemotherapy in a solid tumor indication. We selected these indications to evaluate inupadenant where there is a strong rationale for treatment with an $A_{2A}R$ antagonist based on expression of the receptor and adenosine-producing enzymes, evidence that the adenosine pathway plays a role in treatment resistance, and the presence of T cells in the tumor microenvironment.

Potential broader opportunity for inupadenant

We are evaluating potential predictors of response and potential PD biomarkers in pre- and post-treatment tumor samples. These biomarkers include the expression of $A_{2A}R$ and adenosine-producing enzymes within the tumor, the presence of immune cells within the tumor and several tumor gene signatures, including an immune gene signature. We believe the June 2021 biomarker findings from our ongoing Phase 1/2a clinical trial provide insight into the mechanism of action of inupadenant, which we anticipate will inform our selection of indications, and may allow us to identify patients more likely to benefit from inupadenant. We will also be guided by our evaluation of the expression of $A_{2A}R$ and adenosine-producing enzymes, such as CD73, TNAP and PAP in various tumor types. We believe inupadenant has the potential to provide clinical benefit across many indications.

Our Preclinical Novel Adenosine-Pathway Inhibitor Program

We have developed significant expertise in tumor immunology and the tumor microenvironment, which we are exploiting to expand our pipeline. For example, by characterizing the impact of high concentrations of adenosine on immune cells, we have identified a novel mechanism within the adenosine pathway responsible for inhibiting the proliferation of T cells in high adenosine concentrations that can be found in some tumors. In preclinical studies, addition of ATP as a source of adenosine at a concentration of 100μM completely blocked CD8+ T cell proliferation *in vitro.* The addition of an antagonist to the novel target restored proliferation and could further enhance cytokine secretion in combination with inupadenant.

In September 2021, we nominated a product candidate targeting this mechanism in the adenosine pathway for IND enabling studies.

Collaborations and Licenses

Collaboration and License Agreement with GSK

On June 11, 2021, Our wholly owned subsidiary, iTeos Belgium S.A., and GSK executed the GSK Collaboration Agreement, which became effective on July 26, 2021. Pursuant to the GSK Collaboration Agreement, we agreed to grant GSK a license under certain of our intellectual property rights to develop, manufacture, and commercialize products comprised of or containing EOS-448, referred to as Licensed Products, which license is exclusive in all countries outside of the United States and co-exclusive, with iTeos, in the United States.

Under the GSK Collaboration Agreement, GSK made an upfront payment of $625.0 million to us. Additionally, we are eligible to receive up to $1.45 billion in milestone payments, contingent upon the EOS-448 program achieving certain development and commercial milestones, none of which have been achieved to date. Within the collaboration, GSK and we agreed to share responsibility and costs for the global development of EOS-448 and will jointly commercialize and equally split profits in the United States. Outside of the United States, GSK will receive an exclusive license for commercialization, and we are eligible to receive tiered double digit royalty payments up to 20% during a customary royalty term. We and GSK intend to develop EOS-448 in combination with certain other oncology assets of GSK, and we will jointly own the intellectual property created under the GSK Collaboration Agreement that covers such combinations together with GSK. Subject to certain limited exceptions, other than under the GSK Collaboration Agreement, we and GSK each agreed not to, alone or with or for any Third Party, (i) develop a monospecific, monoclonal antibody that inhibits or is an antagonist of TIGIT through direct physical interaction for a period of time following the first regulatory approval of a Licensed Product in the United States, Germany, France, United Kingdom, Spain, or Italy or (ii) commercialize any such a product during the term of the GSK Collaboration Agreement. Unless terminated earlier in certain specified circumstances, the GSK Collaboration Agreement will continue for so long as we and GSK are commercializing Licensed Products in the United States.

Collaboration with Adimab

In January 2017, we entered into a collaboration agreement with Adimab, LLC, or Adimab. We refer to this agreement, as amended, as the Original Adimab Agreement. On February 22, 2021, we entered into an amendment to the Adimab Agreement (the Amended Adimab Agreement and together with the Original Adimab
Agreement, the Adimab Agreement). Adimab has developed an antibody discovery and optimization technology platform. This collaboration enables our research and development efforts on discovery and optimization of new antibodies against immuno-oncology targets we may identify.

Under the terms of the Adimab Agreement, Adimab has granted us a worldwide, non-exclusive research license for a one-year research term period and evaluation period for up to 18 months per research program. We are required to use commercially reasonable efforts to perform our research activities under the Adimab Agreement and, if we exercise our right to obtain a development and commercialization license, we are required to use commercially reasonable efforts to pursue development and commercialization of a product directed to the applicable target. Under the terms of the Adimab Agreement, we granted Adimab a worldwide, non-exclusive license under all of our patents and know-how that are reasonably necessary or useful for Adimab to perform its research activities under the Adimab Agreement.

Payment terms to Adimab include a one-time upfront technology access fee in the tens of thousands and payments for research support. Adimab is entitled to additional fees of up to a maximum of $0.4 million on a program-by-program basis for the achievement of certain technical milestones, one of which was met, and we paid $0.2 million in April 2017. Upon our exercise of an option for an exclusive development and commercialization license, with respect to a target, we are required to make a low single digit million-dollar payment to Adimab for each exercised option. For example, in August 2018, we paid a $1.0 million nonrefundable fee to exercise an option to acquire certain licenses from Adimab. One of the antibodies licensed under this agreement is what we now refer to as EOS-448. In addition, on a per target basis, we may be required to pay development, regulatory and commercial milestones totaling up to an aggregate of $42.8 million for the first three products and additional milestone payments up to $13.5 million for each additional product. We will pay Adimab low to mid-single-digit royalties on a country-by-country and product-by-product basis, on worldwide net product sales of licensed products. Royalties are payable on a licensed product-by-licensed product and country-by-country basis until the later of (i) expiration of the last valid claim of a licensed patent right that covers such licensed product in such country, and (ii) ten years following the first commercial sale of such licensed product in such country. To date, we have paid a total of $3.4 million to Adimab pursuant the collaboration agreement.

The Amended Adimab Agreement specifies different milestone payments for new products that are derived from research programs beginning after February 22, 2021 (New Products). For New Products, on a per target basis, we may be required to pay development, regulatory and commercial milestone payments totaling up to an aggregate of $45.8 million for the first three products and additional milestone payments up to $14.5 million for each additional product. Royalty percentages for New Products are slightly different than for original products. There were no other significant changes to the terms in the original Adimab Agreement as a result of the Amended Adimab Agreement.

Adimab controls the filing, prosecution, maintenance and enforcement of the intellectual property that it licenses to us under the Adimab Agreement. We have the right to enforce such licensed intellectual property against infringement if the infringement is competitive with our licensed products and Adimab does not pursue enforcement. We control the filing, prosecution, maintenance and enforcement of the intellectual property we license to Adimab under the Adimab Agreement and all program antibody patents.

The term of the Adimab Agreement will continue until the last to expire royalty term on a product-by-product and country-by-country basis if we exercise our option, or in the event no option is exercised, the conclusion of the last-to-expire evaluation term, unless terminated earlier by either party. Each party has the right to terminate the Adimab Agreement due to the other party's uncured material breach or our abandonment of the product.

WuXi manufacturing agreement

In March 2017, we entered into a biologics master services agreement with WuXi Biologics (Hong Kong) Limited, or WuXi, which we refer to as the WuXi Agreement. The WuXi Agreement provides for IND-enabling CMC development and GMP manufacturing of EOS-448 on a work order basis. Under the WuXi Agreement, we are obligated to pay WuXi a service fee in the amount specified in each work order associated with the agreement for the provision of services. If we manufacture all of our commercial supplies of EOS-448 with a manufacturer other than WuXi, we must pay to WuXi either a low single-digit royalty fee on global net sales or a one-time milestone payment in the low tens of millions.

The WuXi Agreement terminates one year after the date on which the last work order has expired or been terminated, unless terminated earlier. The term of each work order terminates upon completion of the services under such work order, unless terminated earlier.

Competition

Our industry is intensely competitive and subject to rapid and significant technological change. While we believe that our knowledge, experience and scientific resources provide us with competitive advantages, we face substantial competition from major pharmaceutical companies and biotechnology companies, academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and established collaborative arrangements for the research, development, manufacturing and commercialization of cancer therapies. Many of our competitors have significantly greater financial, technical and human resources. Smaller and early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. As a result, our competitors may discover, develop, license or commercialize products before or more successfully than we do.

We face competition with respect to our current product candidates, and will face competition with respect to future product candidates, from segments of the pharmaceutical, biotechnology and other related markets that pursue immune-oncology treatments. For example, there are many other companies that have commercialized and/or are developing immuno-oncology treatments for cancer including large pharmaceutical and biotechnology companies, such as AstraZeneca, Bristol-Myers Squibb, Gilead, Incyte, Merck, Novartis, Pfizer and Roche/Genentech.

For our anti-TIGIT antibody, EOS-448, we are aware of several pharmaceutical companies developing antibodies against this target, including Bristol-Myers Squibb, Merck, Mereo Biopharma Group plc, Roche/Genentech, Beigene, Ltd. (with partner Novartis), Arcus, Gilead, Agenus, Seagen, Innovent (with partner Eli Lilly), Merck KGaA, Junshi and Compugen Ltd. To our knowledge, no anti-TIGIT antibodies have been approved for commercial sale, and the most advanced antibodies are in Phase 3 clinical trials.

For our small molecule antagonist of $A_{2A}R$, inupadenant, we are aware of several other companies that are developing other adenosine receptor antagonists, including AstraZeneca, Corvus Pharmaceuticals, Incyte, Arcus, Gilead and Novartis. To our knowledge, there are no adenosine receptor antagonists approved for the treatment of cancer and the most advanced such selective $A_{2A}R$ antagonists are in Phase 2 clinical trials.

Our competitors may obtain regulatory approval of their products more rapidly than we may or may obtain patent protection or other intellectual property rights that limit our ability to develop or commercialize our product candidates. Our competitors may also develop drugs that are more effective, more convenient, more widely used and less costly or have a better safety profile than our products and these competitors may also be more successful than us in manufacturing and marketing their products. Our competitors will also compete with us in recruiting and retaining qualified scientific, management and commercial personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Furthermore, we also face competition more broadly across the market for cost-effective and reimbursable cancer treatments. The most common methods of treating patients with cancer are surgery, radiation and drug therapy, including chemotherapy, hormone therapy and targeted drug therapy, or a combination of such methods. There are a variety of available drug therapies marketed for cancer. In many cases, these drugs are administered in combination to enhance efficacy. While our product candidates, if any are approved, may compete with these existing drug and other therapies, to the extent they are ultimately used in combination with or as an adjunct to these therapies, our product candidates may not be competitive with them. Some of these drugs are branded and subject to patent protection, and others are available on a generic basis. Insurers and other third-party payors may encourage the use of generic products or specific branded products. We expect that if our product candidates are approved, they will be priced at a significant premium over competitive generic, including branded generic, products. As a result, obtaining market acceptance of, and a gaining significant share of the market for, any of our product candidates that we successfully introduce to the market will pose challenges. In addition, many companies are developing new therapeutics, and we cannot predict what the standard of care will be as our product candidates progress through clinical development.

The acquisition or licensing of pharmaceutical products is also very competitive. If we seek to acquire or license products, we will face substantial competition from a number of more established companies, some of which have acknowledged strategies to license or acquire products and many of which are bigger than us and have more institutional experience and greater cash flows than we have. These more established companies may have competitive advantages over us, as may other emerging companies taking similar or different approaches to product licenses and/or acquisitions. In addition, a number of established research-based pharmaceutical and biotechnology companies may acquire products in late stages of development to augment their internal product lines, which may provide those companies with an even greater competitive advantage.

Manufacturing and supply

We currently do not own or operate any manufacturing facilities nor have any plans to do so in the foreseeable future. We rely, and expect to continue to rely, on third-party contract development and manufacturing organizations, or CDMOs, or in the case of EOS-448, our collaborator, GSK, to develop a suitable manufacturing process at scale and produce our small molecule and biologic product candidates for preclinical and clinical testing, as well as for commercial manufacture if our product candidates receive marketing approval. We believe that this strategy allows us to maintain a more efficient infrastructure by eliminating the need for us to invest in our own manufacturing facilities, equipment and personnel while also enabling us to focus our expertise and resources on the development of our product candidates.

To date, we have obtained active pharmaceutical ingredients, or APIs, and drug product for our product candidates from single-source third party CMOs, including WuXi. We are in the process of developing our supply chain for each of our product candidates to ensure continuity of supply.

We maintain agreements with our manufacturers that include confidentiality and intellectual property provisions to protect our proprietary rights related to our product candidates.

We expect to rely on third parties for the manufacture of any companion diagnostics we may develop.

Commercialization

Subject to receiving marketing approvals, we expect to commence commercialization activities by building a focused sales and marketing organization in the United States to sell our products. We believe that such an organization will be able to address the community of oncologists who are the key specialists in treating the patient populations for which our product candidates are being developed. Outside the United States, we expect to enter into distribution and other marketing arrangements with third parties for any of our product candidates that obtain marketing approval. With respect to EOS-448, in June of 2021 we entered into a collaboration agreement with GSK in which we agreed to collaborate with GSK on commercialization efforts for EOS-448 and related Licensed Products in the United States, and we have granted GSK a license to develop and commercialize EOS-448 and related Licensed Products outside of the United States.

We also plan to build a marketing and sales management organization to create and implement marketing strategies for any products that we market through our own sales organization and to oversee and support our sales force. The responsibilities of the marketing organization would include developing educational initiatives with respect to approved products and establishing relationships with researchers and practitioners in relevant fields of medicine.

Intellectual property

As of January 1, 2022, we have one issued United States patent, one issued European patent, and over thirty pending applications in the United States and throughout the world in our TIGIT program portfolio. The patents and pending applications in our TIGIT program portfolio include claims covering EOS-448, its therapeutic use, and manufacture. Not including any potential patent term extension, the issued United States and European patents have a natural expiration date in 2038 and the pending applications in the portfolio, should they grant, have expiration dates ranging from 2038 to 2042.

We also have one issued United States Patent, one issued Australian Patent, and over fifty pending applications (including Patent Cooperation Treaty applications) in our $A_{2A}R$ program portfolio both in the United States and throughout the world. The patents and pending applications in our $A_{2A}R$ program portfolio include claims covering inupadenant, such as composition of matter, formulations, methods of treatment, and processes of manufacture. Not including any potential patent term extension, the issued patents have a natural expiration date in 2038 and the pending applications in the portfolio, should they grant, have expiration dates ranging from 2038 to 2042.

Government regulation

Government authorities in the United States, at federal, state, and local levels, as well as in foreign countries and jurisdictions, extensively regulate, among other things, the research, development, testing, manufacture, quality control, import, export, safety, effectiveness, labeling, packaging, storage, distribution, record keeping, approval, advertising, promotion, marketing, post-approval monitoring and post-approval reporting of drugs and biologics such as those we are developing. The process of obtaining regulatory approvals of drugs in the Unites States and in foreign countries and ensuring subsequent compliance with applicable statutes and regulations and other regulatory authorities requires the expenditure of substantial time and financial resources.

In the United States, where we are initially focusing our product development, the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act, or FDCA, and biologics under the FDCA and the Public Health Service Act, or PHSA, and their implementing regulations. Both drugs and biologics are also subject to other federal, state and local statutes and regulations. Our product candidates are early-stage and have not been approved by the FDA for marketing in the United States.

Our product candidates must be approved for therapeutic indications by the FDA through either a new drug application, or NDA, or a biologics license application, or BLA, process before they may be marketed in the United

States. An NDA is a request for approval to market a new drug for one or more specified indications, and a BLA is a request for approval to market a new biologic for one or more specified indications. The process generally involves the following:

- completion of extensive preclinical studies in accordance with applicable regulations, including studies conducted in accordance with Good Laboratory Practice, or GLP, requirements;
- submission to the FDA of an IND, which must become effective before clinical trials may begin and must be updated annually or when significant changes are made;
- approval by an Institutional Review Board, or IRB, or independent ethics committee at each clinical trial site before each trial may be initiated;
- performance of adequate and well-controlled clinical trials in accordance with Good Clinical Practice, or GCP requirements and other clinical trial-related regulations to establish the safety and efficacy of the investigational product for each proposed indication;
- preparation and submission to the FDA of an NDA or BLA after completion of all pivotal trials;
- payment of user fees for FDA review of the NDA or BLA;
- a determination by the FDA within 60 days of its receipt of an NDA or BLA to file the application for review;
- satisfactory completion of one or more FDA pre-approval inspections of the manufacturing facility or facilities where the product will be produced to assess compliance with current Good Manufacturing Practice requirements, or cGMPs, to assure that the facilities, methods and controls are adequate to preserve the drug or biological product's continued safety, purity and potency;
- potential FDA audit of the clinical trial sites that generated the data in support of the NDA or BLA; and
- FDA review and approval of the NDA or BLA, including consideration of the views of any FDA advisory committee, prior to any commercial marketing or sale of the drug or biologic in the United States.

The failure to comply with the applicable requirements in the United States at any time during the product development process, including preclinical testing, clinical testing, the approval process, or post-approval process, may subject an applicant to delays in the conduct of the study, regulatory review and approval and/or administrative or judicial sanctions.

Preclinical and clinical trials

Before testing any drug or biologic in humans, the product candidate must undergo rigorous preclinical testing. Preclinical studies include laboratory evaluations of chemistry, formulation, and stability, as well as in vitro and animal studies to assess safety and in some cases to establish the rationale for therapeutic use. The conduct of preclinical studies is subject to federal and state regulations and requirements. The results of the preclinical studies, together with manufacturing information, analytical data, and plans for the proposed clinical trials must be submitted to the FDA as part of an IND. An IND is a request for authorization from the FDA to administer an investigational product to humans, and must become effective before clinical trials may begin. The IND automatically becomes effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions about the product or conduct of the proposed clinical trial, including concerns that human research subjects will be exposed to unreasonable health risks. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. Accordingly, submission of an IND may or may not result in FDA authorization to begin a trial. If the FDA raises concerns or questions either during this initial 30-day period, or at any time during the IND review process, it may choose to impose a partial or complete clinical hold. A separate submission to an existing IND must also be made for each successive clinical trial conducted during product development of a product candidate, and the FDA must grant permission, either explicitly or implicitly by not objecting, before each clinical trial can begin. The clinical stage of development involves the administration of the product candidate to healthy volunteers or patients under the supervision of qualified investigators, in accordance with GCP requirements, which include the requirements that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the trial, dosing procedures, subject selection and exclusion criteria and the parameters and criteria to be used in monitoring safety and evaluating effectiveness. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND. Furthermore, each clinical trial must be reviewed and approved by an IRB for each institution at which the

clinical trial will be conducted to ensure that the risks to individuals participating in the clinical trials are minimized and are reasonable related to the anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative, and must monitor the clinical trial until completed. The FDA, the IRB, or the sponsor may suspend or discontinue a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk. Some studies also include oversight by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board, which provides authorization for whether or not a study may move forward at designated check points based on access to certain data from the study and may halt the clinical trial if it determines that there is an unacceptable safety risk for subjects or other grounds, such as no demonstration of efficacy.

A sponsor who wishes to conduct a clinical trial outside of the United States may, but need not, obtain FDA authorization to conduct the clinical trial under an IND. The FDA will accept a well-designed and well-conducted foreign clinical study not conducted under an IND if the study was conducted in accordance with GCP requirements, and the FDA is able to validate the data through an onsite inspection if deemed necessary.

Clinical trials to evaluate therapeutic indications to support NDAs and BLAs for marketing approval are typically conducted in three sequential phases, which may overlap.

- Phase 1—Phase 1 clinical trials involve initial introduction of the investigational product into healthy human volunteers or patients with the target disease or condition. These trials are typically designed to test the safety, dosage tolerance, absorption, metabolism and distribution of the investigational product in humans, evaluate the side effects associated with increasing doses, and, if possible, to gain early evidence of effectiveness.
- Phase 2—Phase 2 clinical trials typically involve administration of the investigational product to a limited patient population with a specified disease or condition to evaluate the preliminary efficacy, optimal dosages and dosing schedule and to identify possible adverse side effects and safety risks. Multiple Phase 2 clinical trials may be conducted to obtain information prior to beginning larger and more expensive Phase 3 clinical trials.
- Phase 3—Phase 3 clinical trials typically involve administration of the investigational product to an expanded patient population to further evaluate dosage, to provide statistically significant evidence of clinical efficacy and to further test for safety, generally at multiple geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the investigational product and to provide an adequate basis for product approval. Generally, two adequate and well-controlled Phase 3 clinical trials are required by the FDA for approval of an NDA or BLA.

Post-approval trials, sometimes referred to as Phase 4 clinical trials, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication and are commonly intended to generate additional safety data regarding use of the product in a clinical setting. In certain instances, the FDA may mandate the performance of Phase 4 clinical trials as a condition of approval of an NDA or BLA.

Information about applicable clinical trials, including clinical trials results, must be submitted within specific timeframes for publication on the www.clinicaltrials.gov website.

Progress reports detailing the results of the clinical trials, among other information, must be submitted at least annually to the FDA and written IND safety reports must be submitted to the FDA and the investigators fifteen days after the trial sponsor determines the information qualifies for reporting for serious and unexpected suspected adverse events, findings from other studies or animal or in vitro testing that suggest a significant risk for human participants exposed to the drug or biologic and any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. The sponsor must also notify the FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than seven calendar days after the sponsor's initial receipt of the information.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the drug or biological characteristics of the product candidate and finalize a process for manufacturing the drug product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and manufacturers must develop, among other things, methods for testing the identity, strength, quality and purity of the final drug product. Additionally, appropriate packaging must be selected and tested, and stability studies must

be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life and to identify appropriate storage conditions for the product candidate.

FDA review process

Assuming successful completion of the required clinical testing, the results of the preclinical studies and clinical trials, together with detailed information relating to the product's chemistry, manufacture, controls and proposed labeling, among other things, are submitted to the FDA as part of an NDA or BLA requesting approval to market the product for one or more indications. The NDA or BLA must include all relevant data available from pertinent pre-clinical and clinical studies, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls, and proposed labeling, among other things. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and efficacy of the investigational drug, or the safety, purity and potency of the investigational biologic, to the satisfaction of the FDA. FDA approval of an NDA or BLA must be obtained before a drug or biologic may be marketed in the United States.

In addition, under the Pediatric Research Equity Act, or PREA, certain NDAs and BLAs and certain supplements to an NDA or BLA must contain data to assess the safety and effectiveness of the drug or biological product candidate for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The Food and Drug Administration Safety and Innovation Act requires that a sponsor who is planning to submit a marketing application for a drug or biological product that includes a new active ingredient or clinically active component, new indication, new dosage form, new dosing regimen or new route of administration submit an initial Pediatric Study Plan within 60 days after an end-of-Phase 2 meeting or as may be agreed between the sponsor and FDA. Unless otherwise required by regulation, PREA does not apply to a drug or biological product for an indication for which orphan designation has been granted.

The FDA reviews all submitted NDAs and BLAs before it accepts them for filing, and may request additional information rather than accepting the NDA or BLA for filing. The FDA must make a decision on accepting an NDA or BLA for filing within 60 days of receipt, and such decision could include a refusal to file by the FDA. Once the submission is accepted for filing, the FDA begins an in-depth substantive review of the application. The FDA reviews an NDA or BLA to determine, among other things, whether the product is safe and effective and whether the facility in which it is manufactured, processed, packaged or held meets standards designed to assure the product's continued safety, quality and purity. Under the goals and polices agreed to by the FDA under the Prescription Drug User Fee Act, or PDUFA, the FDA targets ten months, from the filing date, in which to complete its initial review of an original NDA or BLA and respond to the applicant, and six months from the filing date of an original NDA or BLA filed for priority review. The FDA does not always meet its PDUFA goal dates for standard or priority NDAs or BLAs, and the review process is often extended by FDA requests for additional information or clarification.

The FDA may refer an application for a drug or biologic to an advisory committee. An advisory committee is a panel of independent experts, including clinicians and other scientific experts, which reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving an NDA or BLA, the FDA typically will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA or BLA, the FDA may inspect one or more clinical trial sites to assure compliance with GCP and other requirements and the integrity of the clinical data submitted to the FDA.

The FDA also may require submission of a risk evaluation and mitigation strategy, or REMS, as a condition for approving the NDA or BLA to ensure that the benefits of the product outweigh its risks. The REMS could include medication guides, physician communication plans, assessment plans, and/or elements to assure safe use, such as restricted distribution methods, patient registries, or other risk-minimization tools.

After evaluating the application and all related information, including the advisory committee recommendation, if any, and inspection reports regarding the manufacturing facilities and clinical trial sites, the FDA may issue an approval letter, or, in some cases, a Complete Response Letter. A Complete Response Letter indicates that the

review cycle of the application is complete and the application is not ready for approval. A Complete Response Letter will usually describe all of the deficiencies that the FDA has identified in the NDA or BLA, and the FDA may recommend actions that the applicant might take to place the NDA or BLA in condition for approval, including requests for additional information or clarification. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval. If and when those conditions have been met to the FDA's satisfaction, the FDA will typically issue an approval letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications.

Even if the FDA approves a product, depending on the specific risk(s) to be addressed, the FDA may limit the approved indications for use of the product, require that contraindications, warnings or precautions be included in the product labeling, require that post-approval studies, including Phase 4 clinical trials, be conducted to further assess a product's safety after approval, require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution and use restrictions or other risk management mechanisms under a REMS, which can materially affect the potential market and profitability of the product. The FDA may prevent or limit further marketing of a product based on the results of post-marketing studies or surveillance programs. After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes, and additional labeling claims, are subject to further testing requirements and FDA review and approval.

Orphan designation and exclusivity

Under the Orphan Drug Act, the FDA may grant orphan drug designation, or ODD, to a drug or biologic intended to treat a rare disease or condition, defined as a disease or condition with either a patient population of fewer than 200,000 individuals in the United States, or a patient population greater of than 200,000 individuals in the United States when there is no reasonable expectation that the cost of developing and making available the drug or biologic in the United States will be recovered from sales in the United States of that drug or biologic. ODD must be requested before submitting an NDA or BLA. After the FDA grants ODD, the generic identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA.

If a product that has received ODD and subsequently receives the first FDA approval for a particular clinically active component for the disease for which it has such designation, the product is entitled to orphan product exclusivity, which means that the FDA may not approve any other applications, including a full NDA or BLA, to market the same drug or biologic for the same indication for seven years from the approval of the NDA or BLA, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity or if the FDA finds that the holder of the orphan drug exclusivity has not shown that it can assure the availability of sufficient quantities of the orphan drug to meet the needs of patients with the disease or condition for which the drug was designated. Orphan drug exclusivity does not prevent the FDA from approving a different drug or biologic for the same disease or condition, or the same drug or biologic for a different disease or condition. Among the other benefits of ODD are tax credits for certain research and a waiver of the NDA or BLA application user fee.

Expedited development and review programs

The FDA maintains several programs intended to facilitate and expedite development and review of new drugs and biologics to address unmet medical needs in the treatment of serious or life-threatening diseases or conditions. These programs include Fast Track designation, Breakthrough Therapy designation, priority review and Accelerated Approval.

A new drug or biologic is eligible for Fast Track designation if it is intended to treat a serious or life-threatening disease or condition and demonstrates the potential to address unmet medical needs for such disease or condition. Fast track designation applies to the combination of the product and the specific indication for which it is being studied. Fast Track designation provides increased opportunities for sponsor interactions with the FDA during preclinical and clinical development, in addition to the potential for rolling review once a marketing application is filed, meaning that the FDA may consider for review sections of the NDA or BLA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA or BLA, the FDA agrees to accept sections of the NDA or BLA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the application.

In addition, a new drug or biological product may be eligible for Breakthrough Therapy designation if it is intended to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the drug

or biologic, alone or in combination with or more other drugs or biologics, may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. Breakthrough Therapy designation provides all the features of Fast Track designation in addition to intensive guidance on an efficient development program beginning as early as Phase 1, and FDA organizational commitment to expedited development, including involvement of senior managers and experienced review staff in a cross-disciplinary review, where appropriate.

Any product submitted to the FDA for approval, including a product with Fast Track, or Breakthrough Therapy designation, may also be eligible priority review. A product is eligible for priority review if it is intended to treat a serious or life-threatening disease or condition, and if approved, would provide a significant improvement in safety or effectiveness. For original NDAs and BLAs, priority review designation means the FDA's goal is to take action on the marketing application within six months of the 60-day filing date (compared with ten months under standard review).

Fast Track designation, Breakthrough Therapy designation, and priority review do not change the scientific or medical standards for approval or the quality of evidence necessary to support approval but may expedite the development or review process. Each of the designations may also be rescinded if a product no longer meets the
program's criteria.

FDA approval of companion diagnostics

In August 2014, the FDA issued final guidance clarifying the requirements that will apply to approval of therapeutic products and in vitro companion diagnostics. According to the guidance, for novel drugs and biologics, a companion diagnostic device and its corresponding therapeutic should be approved or cleared contemporaneously by the FDA for the use indicated in the therapeutic product's labeling. Approval or clearance of the companion diagnostic device will ensure that the device has been adequately evaluated and has adequate performance characteristics in the intended population.

Under the FDCA, in vitro diagnostics, including companion diagnostics, are regulated as medical devices. In the United States, the FDCA and its implementing regulations, and other federal and state statutes and regulations govern, among other things, medical device design and development, preclinical and clinical testing, premarket clearance or approval, registration and listing, manufacturing, labeling, storage, advertising and promotion, sales and distribution, export and import, and post-market surveillance. Unless an exemption applies, diagnostic tests require marketing clearance or approval from the FDA prior to commercial distribution.

After a device is placed on the market, it remains subject to significant regulatory and reporting requirements.

U.S. post-approval requirements for drugs and biologics

Drugs and biologics manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, reporting of adverse experiences with the product, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations (known as "off-label use") and limitations on industry-sponsored scientific and educational activities. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

The FDA may impose a number of post-approval requirements as a condition of approval of an NDA or BLA. For example, the FDA may require post-market testing, including Phase 4 clinical trials, and surveillance to further assess and monitor the product's safety and effectiveness after commercialization.

The FDA may withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information, requirements for post-market studies or clinical trials to assess new safety risks, or imposition of distribution or other restrictions under a REMS. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;

- safety alerts, Dear Healthcare Provider letters, press releases or other communications containing warnings or other safety information about the product;
- mandated modification of promotional materials and labeling and issuance of corrective information;
- fines, warning letters, or untitled letters;
- holds on clinical trials;
- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of product approvals;
- product seizure or detention, or refusal to permit the import or export of products;
- injunctions or the imposition of civil or criminal penalties; and
- consent decrees, corporate integrity agreements, debarment or exclusion from federal healthcare programs.

In addition, drug and biologics manufacturers and their subcontractors involved in the manufacture and distribution of approved products are required to register their establishments with the FDA and certain state agencies and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with ongoing regulatory requirements, including cGMP, which impose certain procedural and documentation requirements upon us and our CMOs. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented.

U.S. patent term restoration and marketing exclusivity

Depending upon the timing, duration and specifics of FDA approval of our future product candidates, some of our U.S. patents may be eligible for limited patent term extension under the Hatch-Waxman Act, which permits a patent term extension of up to five years as compensation for patent term lost during the FDA regulatory review process. Patent-term restoration, however, cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date and only those claims covering such approved drug product, a method for using it or a method for manufacturing it may be extended. The patent-term restoration period is generally one-half the time between the effective date of an IND and the submission date of an NDA or BLA plus the time between the submission date of an NDA or BLA and the approval of that application, except that the review period is reduced by any time during which the applicant failed to exercise due diligence. Only one patent applicable to an approved drug is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. The USPTO, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration.

Marketing exclusivity provisions under the FDCA also can delay the submission or the approval of certain applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to gain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application, or ANDA, or a 505(b)(2) NDA submitted by another company for another version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement. The FDCA also provides three years of marketing exclusivity for an NDA, 505(b)(2) NDA or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example, new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the conditions of use associated with the new clinical investigations and does not prohibit the FDA from approving ANDAs for drugs containing the original active agent. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

Biosimilars and exclusivity

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively, the ACA, signed into law in 2010, includes a subtitle called the Biologics Price Competition and Innovation Act, or BPCIA, which created an abbreviated approval pathway for biological products that are biosimilar to or interchangeable with an FDA-licensed reference biological product. The FDA has issued several guidance documents outlining an approach to review and approval of biosimilars. Biosimilarity requires that there be no clinically meaningful differences between the biological product and the reference product in terms of safety, purity, and potency. Interchangeability requires that a product is biosimilar to the reference product and the product must demonstrate that it can be expected to produce the same clinical results as the reference product in any given patient and, for products that are administered multiple times to an individual, the biologic and the reference biologic may be alternated or switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic.

Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date that the reference product was first licensed by the FDA. In addition, the approval of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first licensed. During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a full BLA for the competing product containing that applicant's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of its product. The BPCIA also created certain exclusivity periods for biosimilars approved as interchangeable products. At this juncture, it is unclear whether products deemed "interchangeable" by the FDA will, in fact, be readily substituted by pharmacies, which are governed by state pharmacy law. However, since the passage of the BPCIA, many states have passed laws or amendments to laws, including laws governing pharmacy practices, which are state regulated, to regulate the use of biosimilars.

A biological product can also obtain pediatric market exclusivity in the United States. Pediatric exclusivity, if granted, adds six months to existing exclusivity periods and patent terms. This six-month exclusivity, which runs from the end of other exclusivity protection or patent term, may be granted based on the voluntary completion of a pediatric study in accordance with an FDA-issued "Written Request" for such a study.

The BPCIA is complex and continues to be interpreted and implemented by the FDA. The ultimate impact, implementation, and regulatory interpretation of the BPCIA remain subject to significant uncertainty.

Other healthcare laws

Healthcare providers, physicians, and third-party payors will play a primary role in the recommendation and prescription of any products for which we obtain marketing approval. Our business operations and any current or future arrangements with third-party payors, healthcare providers and physicians may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we develop, market, sell and distribute any drugs for which we obtain marketing approval. In the United States, these laws include, without limitation, state and federal anti-kickback, false claims, physician transparency, and patient data privacy and security laws and regulations, including but not limited to those described below.

- The federal Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, paying, receiving or providing any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid;
- The federal civil and criminal false claims laws, including the civil False Claims Act, or FCA, which prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment or approval that are false, fictitious or fraudulent; knowingly making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. In addition, the government may assert that a claim that includes items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil FCA;
- The federal civil monetary penalties laws, which impose civil fines for, among other things, the offering or transfer or remuneration to a Medicare or state healthcare program beneficiary if the person knows or should know it is likely to influence the beneficiary's selection of a particular provider, practitioner, or supplier of services reimbursable by Medicare or a state health care program, unless an exception applies;

- The Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for knowingly and willfully executing a scheme, or attempting to execute a scheme, to defraud any healthcare benefit program, including private payors, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, or falsifying, concealing or covering up a material fact or making any materially false statements in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity need not have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, imposes, among other things, specified requirements on covered entities and their business associates relating to the privacy and security of individually identifiable health information including mandatory contractual terms and required implementation of technical safeguards of such information. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates in some cases, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions;
- The Physician Payments Sunshine Act, enacted as part of the ACA, imposed new annual reporting requirements for certain manufacturers of drugs, devices, biologics, and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program, for certain payments and "transfers of value" provided to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. In addition, many states also require reporting of payments or other transfers of value, many of which differ from each other in significant ways, are often not pre-empted, and may have a more prohibitive effect than the Sunshine Act, thus further complicating compliance efforts. As of January 1, 2022, these reporting obligations will extend to include transfers of value made in the previous year to certain non-physician providers such as physician assistants and nurse practitioners.

Analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, may also apply to us and may be broader in scope than their federal equivalents.

In addition, pharmaceutical manufacturers may also be subject to federal and state consumer protection and unfair competition laws and regulations, which broadly regulate marketplace activities and that potentially harm consumers.

The distribution of drugs and biological products is subject to additional requirements and regulations, including extensive record-keeping, licensing, storage and security requirements intended to prevent the unauthorized sale of pharmaceutical products.

The full scope and enforcement of each of these laws is uncertain and subject to rapid change in the current environment of healthcare reform. Federal and state enforcement bodies have continued to increase their scrutiny of interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. If our operations are found to be in violation of any of these laws or any other related governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, imprisonment, disgorgement, exclusion from government funded healthcare programs, such as Medicare and Medicaid, reputational harm, additional oversight and reporting obligations and the curtailment or restructuring of our operations. Ensuring business arrangements comply with applicable healthcare laws, as well as responding to possible investigations by government authorities, can be time- and resource-consuming and can divert a company's attention from its business. Compliance efforts may be further complicated by the sometime significant variation between federal, state, and local laws which are not preempted by HIPPA.

Coverage and reimbursement

In the United States and markets in other countries, patients and providers generally rely on third-party payors to reimburse all or part of the costs associated with treatment. Adequate coverage and reimbursement from governmental healthcare programs, such as Medicare and Medicaid, and commercial payors is critical to new product acceptance. Thus, even if a product candidate is approved, sales of the product will depend, in part, on the extent to which third-party payors, including government health programs in the United States such as

Medicare and Medicaid, commercial health insurers and managed care organizations, provide coverage, and establish adequate reimbursement levels for, the product.

The containment of healthcare costs has become a priority of federal, state and foreign governments, and the prices of products have been a focus in this effort. Governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic products, which could further limit a company's revenue generated from the sale of any approved products. Even if favorable coverage and reimbursement status is attained for one or more products for which a company or its collaborators receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Healthcare reform

In the United States and some foreign jurisdictions, there have been, and likely will continue to be, a number of legislative and regulatory changes and proposed changes regarding the healthcare system directed at broadening the availability of healthcare, improving the quality of healthcare, and containing or lowering the cost of healthcare. For example, in March 2010, the United States Congress enacted the ACA, which, among other things, included changes to the coverage and payment for products under government health care programs. The ACA included provisions that:

- subjected manufacturers to annual fees and taxes for certain branded prescription drugs and biologic products;
- expanded eligibility criteria for Medicaid programs, thereby potentially increasing a manufacturer's Medicaid rebate liability;
- expanded manufacturers' rebate liability under the Medicaid Drug Rebate Program by increasing the minimum rebate for both branded and generic drugs and revising the definition of average manufacturer price for calculating and reporting Medicaid drug rebates on outpatient prescription drug prices;
- addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected;
- expanded the types of entities eligible for the 340B drug discount program; and
- established the Medicare Part D coverage gap discount program by requiring manufacturers to provide point-of-sale-discounts off the negotiated price of applicable brand drugs to eligible beneficiaries during their coverage gap period as a condition for the manufacturers' outpatient drugs to be covered under Medicare Part D.

There remain numerous judicial, administrative, executive, and legislative challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. Prior to the Supreme Court's decision, President Biden issued an Executive Order to (i) initiate a special enrollment period from February 15, 2021 through August 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace and (ii) instruct certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. Additionally, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, it has enacted laws that modify certain provisions of the ACA such as removing penalties, starting January 1, 2019, for not complying with the ACA's individual mandate to carry health insurance. It is unclear how other healthcare reform measures of the Biden administrations or Congress, or other efforts, if any, to challenge repeal or replace the ACA, will impact our business.

Other legislative changes have been proposed and adopted in the United States since the ACA was enacted. For example, on March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into law, which eliminates the statutory Medicaid drug rebate cap, currently set at 100% of a drug's average manufacturer price, for single source and innovator multiple source drugs, beginning January 1, 2024. Further, in August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's

automatic reduction to several government programs, including aggregate reductions of Medicare payments to providers of 2% per fiscal year. These reductions went into effect in April 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2030 unless additional action is taken by Congress. Pursuant to the Coronavirus Aid, Relief and Economic Security ("CARES") Act, as well as subsequent legislation, these reductions were suspended from May 1, 2020 through December 31, 2021 due to the COVID-19 pandemic. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

On May 30, 2018, the Right to Try Act was signed into law. The law, among other things, provides a federal framework for certain patients to access certain investigational new drug products that have completed a Phase 1 clinical trial and that are undergoing investigation for FDA approval. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA permission under the FDA expanded access program. There is no obligation for a drug manufacturer to make its drug products available to eligible patients as a result of the Right to Try Act, but the manufacturer must develop an internal policy and respond to patient requests according to that policy.

Moreover, payment methodologies may be subject to changes in healthcare legislation and regulatory initiatives. For example, Centers for Medicare & Medicaid Services, or CMS, may develop new payment and delivery models, such as bundled payment models. In addition, recently there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their commercial products, which has resulted in several Congressional inquiries and proposed and enacted state and federal legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for pharmaceutical products.

In addition, individual states in the United States have also increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

Outside the United States, ensuring coverage and adequate payment for a product also involves challenges. Pricing of prescription pharmaceuticals is subject to government control in many countries and pricing and reimbursement schemes vary widely from country to country. For example, the European Union provides options for its member states to restrict the range of products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. Some countries provide that products may be marketed only after a reimbursement price has been agreed. Some countries may require the completion of additional studies that compare the cost-effectiveness of a particular product candidate to currently available therapies in order to obtain reimbursement or pricing approval. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any products, if approved in those countries. Historically, products launched in the European Union do not follow price structures of the U.S. and generally prices tend to be significantly lower.

Other U.S. environmental, health and safety laws and regulations

Manufacturing, sales, promotion and other activities of product candidates following product approval, where applicable, or commercialization are also subject to regulation by numerous regulatory authorities in the United States in addition to the FDA, which may include CMS, other divisions of the Department of Health and Human Services, or HHS, the Department of Justice, the Drug Enforcement Administration, the Consumer Product Safety Commission, the Federal Trade Commission, the Occupational Safety & Health Administration, the Environmental Protection Agency and state and local governments and governmental agencies.

We may be subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Even if we contract with third parties for the disposal of these materials and waste products, we cannot completely eliminate the risk of contamination or injury resulting from these materials. In the event of contamination or injury resulting from the use or disposal of our hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations.

We maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees, but this insurance may not provide adequate coverage against potential liabilities. However, we do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us.

Changes in regulations, statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: (i) changes to our manufacturing arrangements; (ii) additions or modifications to product labeling or packaging; (iii) the recall or discontinuation of our products; or (iv) additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of our business.

European Union drug development

In the European Union, our future products also may be subject to extensive regulatory requirements. As in the United States, medicinal products can be marketed only if a marketing authorization from the competent regulatory agencies has been obtained.

Similar to the United States, the various phases of preclinical and clinical research in the European Union are subject to significant regulatory controls. Although the EU Clinical Trials Directive 2001/20/EC has sought to harmonize the EU clinical trials regulatory framework, setting out common rules for the control and authorization of clinical trials in the European Union, the EU Member States have transposed and applied the provisions of the Directive differently. This has led to significant variations in the Member State regimes. Under the current regime, before a clinical trial can be initiated it must be approved in each of the EU countries where the trial is to be conducted by the National Competent Authority, or NCA, and one or more Ethics Committees, or ECs. Under the current regime all suspected unexpected serious adverse reactions to the investigated drug that occur during the clinical trial have to be reported to the NCA and ECs of the Member State where they occurred.

As of January 31, 2022, Clinical Trials Regulation (EU) No 536/2014 has come into effect, and with it, the implementation of the Clinical Trials Information System (CTIS), the centralized EU portal and database for clinical trials foreseen by the Regulation has begun. The new Regulation is directly applicable in all Member States (and so does not require national implementing legislation in each Member State), and aims at simplifying and streamlining the approval of clinical studies in the EU, for instance by providing for a streamlined application procedure via a single point and strictly defined deadlines for the assessment of clinical study applications.

We are in the process of applying to renew our status with EMA as a small and medium-sized enterprise, or SME. If we obtain SME status with EMA, it will provide access to administrative, regulatory and financial support, including fee reductions for scientific advice and regulatory procedures.

European Union drug marketing

Much like the Anti-Kickback Statue prohibition in the United States, the provision of benefits or advantages to physicians to induce or encourage the prescription, recommendation, endorsement, purchase, supply, order or use of medicinal products is also prohibited in the European Union. The provision of benefits or advantages to induce or reward improper performance generally is usually governed by the national anti-bribery laws of European Union Member States, and the Bribery Act 2010 in the UK. Infringement of these laws could result in substantial fines and imprisonment. EU Directive 2001/83/EC, which is the EU Directive governing medicinal products for human use, further provides that, where medicinal products are being promoted to persons qualified to prescribe or supply them, no gifts, pecuniary advantages or benefits in kind may be supplied, offered or promised to such persons unless they are inexpensive and relevant to the practice of medicine or pharmacy. This provision has been transposed into the Human Medicines Regulations 2012 and so remains applicable in the UK despite its departure from the European Union.

Payments made to physicians in certain European Union Member States must be publicly disclosed. Moreover, agreements with physicians often must be the subject of prior notification and approval by the physician's employer, his or her competent professional organization and/or the regulatory authorities of the individual European Union Member States. These requirements are provided in the national laws, industry codes or professional codes of conduct, applicable in the European Union Member States. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment.

European drug review and approval

In the European Economic Area, or EEA, which is comprised of the 27 Member States of the European Union together with Norway, Iceland and Liechtenstein, medicinal products can only be commercialized after obtaining a marketing authorization, or MA. There are two types of marketing authorizations.

- The centralized MA is issued by the European Commission through the centralized procedure, based on the opinion of the Committee for Medicinal Products for Human Use, or CHMP, of the EMA, and is valid throughout the entire territory of the EEA. The centralized procedure is mandatory for certain types of products, such as biotechnology medicinal products, orphan medicinal products, advanced-therapy medicinal products (gene-therapy, somatic cell-therapy or tissue-engineered medicines) and medicinal products containing a new active substance indicated for the treatment of HIV, AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and other immune dysfunctions and viral diseases. The centralized procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the European Union. Under the centralized procedure the maximum timeframe for the evaluation of a MA application by the EMA is 210 days, excluding clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the CHMP. Clock stops may extend the timeframe of evaluation of a MA application considerably beyond 210 days. Where the CHMP gives a positive opinion, the EMA provides the opinion together with supporting documentation to the European Commission, who make the final decision to grant a marketing authorization, which is issued within 67 days of receipt of the EMA's recommendation. Accelerated assessment might be granted by the CHMP in exceptional cases, when a medicinal product is expected to be of a major public health interest, particularly from the point of view of therapeutic innovation. The timeframe for the evaluation of a MA application under the accelerated assessment procedure is of 150 days, excluding stop-clocks, but it is possible that the CHMP may revert to the standard time limit for the centralized procedure if it determines that the application is no longer appropriate to conduct an accelerated assessment.
- National MAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for products not falling within the mandatory scope of the centralized procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this national MA can be recognized in another Member States through the mutual recognition procedure. If the product has not received a national MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the decentralized procedure.

Under the above described procedures, before granting the MA, the EMA or the competent authorities of the Member States of the EEA make an assessment of the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety, and efficacy.

Now that the UK (which comprises Great Britain and Northern Ireland) has left the EU, Great Britain will no longer be covered by centralized MAs (under the Northern Irish Protocol, centralized MAs will continue to be recognized in Northern Ireland). All medicinal products with a current centralized MA were automatically converted to Great Britain MAs on January 1, 2021. For a period of two years from January 1, 2021, the Medicines and Healthcare products Regulatory Agency, or MHRA, the UK medicines regulator, may rely on a decision taken by the European Commission on the approval of a new marketing authorization in the centralized procedure, in order to more quickly grant a new Great Britain MA. A separate application will, however, still be required.

European Union new chemical entity exclusivity

In the EEA, innovative medicinal products (including both small molecules and biological medicinal products), sometimes referred to as new active substances, qualify for eight years of data exclusivity upon marketing authorization and an additional two years of market exclusivity. The overall ten-year period will be extended to a maximum of 11 years if, during the first eight years of those ten years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are determined to bring a significant clinical benefit in comparison with currently approved therapies.

European orphan designation and exclusivity

In the EEA, the EMA's Committee for Orphan Medicinal Products grants orphan drug designation to promote the development of products that are intended for the diagnosis, prevention or treatment of life-threatening or chronically debilitating conditions which either affect not more than five in 10,000 persons in the European Union community, or where it is unlikely that the marketing of the medicine in the EU would generate sufficient return to justify the necessary investment in its development. In each case, there can be no satisfactory method of diagnosis, prevention or treatment of the condition already authorized (or, if such a method exists, the product would be a significant benefit to those affected by the condition).

In the EEA, orphan drug designation entitles a party to financial incentives such as reduction of fees or fee waivers and ten years of market exclusivity is granted following marketing approval for the orphan product. This period may be reduced to six years if, at the end of the fifth year, it is established that the orphan drug designation criteria are no longer met, including where it is shown that the product is sufficiently profitable not to justify maintenance of market exclusivity. During the period of market exclusivity, marketing authorization may only be granted to a "similar medicinal product" for the same therapeutic indication if: (i) a second applicant can establish that its product, although similar to the authorized product, is safer, more effective or otherwise clinically superior; (ii) the marketing authorization holder for the authorized product consents to a second orphan medicinal product application; or (iii) the marketing authorization holder for the authorized product cannot supply enough orphan medicinal product. A "similar medicinal product" is defined as a medicinal product containing a similar active substance or substances as contained in an authorized orphan medicinal product, and which is intended for the same therapeutic indication. Orphan drug designation must be requested before submitting an application for marketing approval. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

European pediatric investigation plan

In the EEA, companies developing a new medicinal product must agree upon a pediatric investigation plan, or PIP, with the EMA's Pediatric Committee, or PDCO, and must conduct pediatric clinical trials in accordance with that PIP, unless a waiver applies. The PIP sets out the timing and measures proposed to generate data to support a pediatric indication of the drug for which marketing authorization is being sought. The PDCO can grant a deferral of the obligation to implement some or all of the measures of the PIP until there are sufficient data to demonstrate the efficacy and safety of the product in adults. Further, the obligation to provide pediatric clinical trial data can be waived by the PDCO when this data is not needed or appropriate. Products that are granted a marketing authorization with the results of the pediatric clinical trials conducted in accordance with the PIP (even where such results are negative) are eligible for six months' supplementary protection certificate extension. In the case of orphan medicinal products, a two-year extension of the orphan market exclusivity may be available. This pediatric reward is subject to specific conditions and is not automatically available when data in compliance with the PIP are developed and submitted.

Brexit and the Regulatory Framework in the United Kingdom

In June 2016, the electorate in the UK voted in favor of leaving the EU (commonly referred to as "Brexit"). The UK formally left the EU on January 31, 2020 and a transition period began on February 1, 2020, during which EU pharmaceutical law remained applicable to the UK, which ended on December 31, 2020. The EU and the UK have concluded a trade and cooperation agreement, or TCA, which was provisionally applicable since January 1, 2021 and has been formally applicable since May 1, 2021. The TCA includes specific provisions concerning pharmaceuticals, which include the mutual recognition of GMP, inspections of manufacturing facilities for medicinal products and GMP documents issued, but does not foresee wholesale mutual recognition of UK and EU pharmaceutical regulations. Great Britain has also implemented EU legislation on the marketing, promotion and sale of medicinal products through the Human Medicines Regulations 2012 (as amended) (under the Northern Ireland Protocol, the EU regulatory framework will continue to apply in Northern Ireland). The regulatory regime in Great Britain currently broadly aligns with EU regulations, however it is possible that these regimes will diverge in future now that Great Britain's regulatory system is independent from the EU and the TCA does not provide for mutual recognition of UK and EU pharmaceutical legislation. It remains to be seen how Brexit will impact regulatory requirements for product candidates and products in the UK in the long-term.

European data collection

The collection and use of personal health data in the EEA, is governed by the General Data Protection Regulation, or GDPR, which became effective May 25, 2018. The GDPR applies to any company established in the EEA and to companies established outside the EEA that process personal data in connection with the offering of goods or services to data subjects in the EU or the monitoring of the behavior of data subjects in the European Union. The GDPR enhances data protection obligations for data controllers of personal data, including stringent requirements relating to the consent of data subjects, expanded disclosures about how personal data is used, requirements to conduct privacy impact assessments for "high risk" processing, limitations on retention of personal data, special provisions for "sensitive information" including health and genetic information of data subjects, mandatory data breach notification and "privacy by design" requirements, and direct obligations on service providers acting as data processors. The GDPR also imposes strict rules on the transfer of personal data outside of the EEA to countries that do not ensure an adequate level of protection, like the U.S. Failure to comply with the requirements of the GDPR and the related national data protection laws of the EEA Member States may result in fines up to 20 million euros or 4% of a company's global annual revenues for the preceding financial year, whichever is higher. Moreover, the GDPR grants data subjects the right to request deletion of personal information in certain circumstances, and claim material and non-material damages resulting from infringement of the GDPR. Maintaining compliance with the GDPR will require significant time, resources, and expense, and we may be required to put in place additional mechanisms to ensure compliance with data protection rules. This may be onerous and adversely affect our business, financial condition, results of operations, and prospects.

In addition, as of January 1, 2021, the United Kingdom's European Union (Withdrawal) Act 2018 incorporated the GDPR (as it existed on December 31, 2020 but subject to certain UK specific amendments) into UK law, referred to as the UK GDPR. The UK GDPR and the UK Data Protection Act 2018 set out the UK's data protection regime, which is independent from but aligned to the EU's data protection regime. Non-compliance with the UK GDPR may result in monetary penalties of up to £17.5 million or 4% of worldwide revenue, whichever is higher.

Rest of the world regulation

For other countries outside of the European Union and the United States, such as countries in Eastern Europe, Latin America or Asia, the requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country.

If we fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Human Capital Resources

Our mission to discover, develop and deliver breakthrough immunotherapies to improve and extend the lives of people with cancer is dependent on our ability to attract, develop and retain the industry's best and brightest talent around the world and across all dimensions of diversity. This understanding lies at the forefront of our approach to human capital management.

General Information: As of December 31, 2021, we had 94 full-time employees, 36 of whom have Ph.D. or M.D. degrees. Of these full-time employees, 70 employees are engaged in research and development activities and 24 employees are engaged in finance, legal, human resources, facilities and general management. We have no collective bargaining agreements with our employees and we have not experienced any work stoppages. We consider our relationship with our employees to be good.

Equity, Diversity and Inclusion: At iTeos, we celebrate our differences and value the power of a diverse array of people who bring all of themselves to work. We embrace cultural, racial, gender, cognitive, social and professional diversity because we know that the only way we can make new cures possible is by working together. Among our employees in 2021, women represent 66% and men represent 34% of our global workforce. Women represent 55% of the leadership positions at the Director level or above, and our Executive Committee, which represents the most senior leadership positions at the Company, is 33% female.

Compensation and Benefits: We are committed to rewarding, supporting, and developing our employees. To that end, we offer a comprehensive total rewards package that includes market-competitive pay, broad-based equity grants and bonuses, healthcare benefits, pension and retirement savings plans, paid time off and an Employee Assistance Program.

Ongoing Professional Development: We prioritize our employees' career advancement, and actively work across the organization to provide opportunities for our people to grow with the company and assume more senior roles as the company expands. In 2021 we launched our Leadership Development Program, which provides an opportunity to all our employees to develop key foundational leadership skills in line with our business needs.

Safety and Well-Being: Employee health and safety in the workplace is one of our main priorities. We established a Health and Safety Committee, which provides a forum for employees and management to work together to prevent health and safety problems and to develop strategies to ensure a safe and healthy work environment. As a result of the new challenges the COVID-19 pandemic brought, we took various steps to support our employees, including transitioning to remote work and offering flexible schedules. At the same time, we protected our facility-dependent employees, including those needed to maintain our research and development activities, by instituting strict protocols designed to ensure a healthy environment.

Corporate Information

We were incorporated in October 2019 under the laws of the State of Delaware. Our principal executive offices are located at 321 Arsenal Street, Watertown, Massachusetts 02472, and our telephone number is (339) 217-0162. We have one subsidiary located in Belgium, iTeos Belgium SA, which was incorporated in August 2011 under the laws of Belgium.

Available Information

Our website address is www.iteostherapeutics.com, and our investor relations website is located at investors.iteostherapeutics.com. The information contained in or accessible from our websites is not incorporated into this Annual Report, and you should not consider it part of this Annual Report. We have included our websites address in this Annual Report solely as an inactive textual reference. We will make available on our website, free of charge, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains an Internet site (http://www.sec.gov) containing reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors.

The following risk factors and other information included in this Annual Report on Form 10-K should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we presently deem less significant may also impair our business operations. Please see the Section titled "Forward-Looking Statements" of this Annual Report on Form 10-K for a discussion of some of the forward-looking statements that are qualified by these risk factors. If any of the following risks occur, our business, financial condition, results of operations and future growth prospects could be materially and adversely affected.

Risks related to the development of our product candidates

We must complete successful preclinical studies and clinical trials that demonstrate the safety and efficacy of our product candidates before we can begin the commercialization process.

We are focused on the development of inupadenant and EOS-448. A key part of our strategy, however, is to continue to pursue clinical development of additional product candidates designed to address the main causes of PD-1 or other standard-of-care resistance. Developing, obtaining marketing approval for, and commercializing product candidates requires substantial funding and remains subject to the risks of failure inherent at each stage of product development, including the occurrence of unexpected or unacceptable adverse events or the failure to demonstrate efficacy in clinical trials. Clinical development is expensive and can take many years to complete, and its outcome is inherently uncertain.

The results of preclinical studies, preliminary study results, and early clinical trials of our current product candidates and any future product candidates may not be predictive of the results of later-stage clinical trials. Even if early-stage clinical trials are successful, we may need to conduct additional clinical trials of our product candidates in additional patient populations or under different treatment conditions before we are able to seek approvals from the FDA or comparable foreign regulatory authorities. While we are currently conducting Phase 1/2a trials of EOS-448 and inupadenant, we have not yet completed any clinical trials. Our product candidates may not perform as we expect, may ultimately have a different or no impact on tumors, may have a different mechanism of action than we expect, and may not ultimately prove to be safe and effective.

Results from preclinical studies and early stage trials, and trials in compounds that we believe are similar to ours, may not be representative of results that are found in larger, controlled, blinded, and longer-term studies and trials. Product candidates may fail at any stage of preclinical or clinical development. Product candidates may fail to show the desired safety and efficacy traits even if they have progressed through preclinical studies or initial clinical trials. Preclinical studies and clinical trials may also reveal unfavorable product candidate characteristics, including safety concerns. A number of companies in the biopharmaceutical industry have suffered significant setbacks in clinical trials, notwithstanding promising results in earlier preclinical studies or clinical trials or promising mechanisms of action. In some instances, significant variability in safety or efficacy results between different clinical trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the clinical trial protocols, and the rate of dropout among clinical trial participants. Moreover, flaws in the design of a clinical trial may negatively impact results. We may not discover such a flaw until the clinical trial is at an advanced stage.

Additionally, our clinical trials, to date, have been open-label trials, where both the patient and investigator know whether the patient is receiving the investigational product candidate or an existing approved drug, which may introduce study bias. Most typically, open-label clinical trials test only the investigational product candidate and sometimes do so at different dose levels. Open-label clinical trials are subject to various limitations that may exaggerate any therapeutic effect as patients in open-label clinical trials are aware when they are receiving treatment. In addition, open-label clinical trials may be subject to an "investigator bias" where those assessing and reviewing the physiological outcomes of the clinical trials are aware of which patients have received treatment and may interpret the information of the treated group more favorably given this knowledge. Positive results observed in open-label trials may not be replicated in later placebo-controlled trials. We may also experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent our ability to receive marketing approval or commercialize our product candidates, including:

- regulators or institutional review boards, or IRBs, may not authorize us or our investigators to commence a clinical trial, conduct a clinical trial at a prospective trial site, or may require that we modify or amend our clinical trial protocols;

- we may experience delays in reaching, or fail to reach, agreement on acceptable terms for clinical trial contracts or clinical trial protocols with prospective trial sites and/or clinical research organizations, or CROs;
- we may be unable to initiate or complete preclinical studies or clinical trials on time or at all due to the ongoing impacts of the COVID-19 pandemic;
- clinical trials may produce negative or inconclusive results, or our studies may fail to reach the necessary level of statistical significance, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- the number of patients required for clinical trials may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate or participants may drop out of these clinical trials or be lost to follow-up at a higher rate than we anticipate, or may elect to participate in alternative clinical trials sponsored by our competitors with product candidates that treat the same indications as our product candidates;
- our third-party contractors may fail to comply with regulatory requirements or the clinical trial protocol, or meet their contractual obligations to us in a timely manner, or at all, or we may be required to engage in additional clinical trial site monitoring;
- we, regulators, or IRBs may require that we or our investigators suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks, undesirable side effects, or other unexpected characteristics of the product candidate, including where combination dosing of or with our product candidates results in serious adverse events or undesirable side effects, or due to findings of undesirable effects caused by a chemically or mechanistically similar therapeutic or therapeutic candidate;
- marketing approval policies could change during the development period, rendering our data insufficient to obtain marketing approval;
- statutes or regulations or site policies could be amended or new ones could be adopted;
- changes could be adopted in the regulatory review process for submitted product applications;
- the cost of clinical trials may be greater than we anticipate or we may have insufficient funds for a clinical trial;
- the supply or quality of materials necessary to conduct clinical trials may be insufficient or inadequate or may be interrupted or impacted by the ongoing COVID-19 pandemic;
- we may decide, or regulators may require us, to conduct or gather, as applicable, additional clinical trials, analyses, reports, data, or preclinical studies, or we may abandon product development programs;
- we may fail to reach an agreement with regulators or IRBs regarding the scope, design, or implementation of our clinical trials, and the FDA or comparable foreign regulatory authorities may require changes to our study designs that make further study impractical or not financially prudent;
- we may have delays in adding new investigators or clinical trial sites, or we may experience a withdrawal of clinical trial sites;
- patients that enroll in our studies may misrepresent their eligibility or may otherwise not comply with the clinical trial protocol, resulting in the need to drop the patients from the study or clinical trial, increase the needed enrollment size for the clinical trial or extend its duration;
- there may be regulatory questions or disagreements regarding interpretations of data and results, or new information may emerge regarding our current product candidates and any future product candidates;
- the FDA or comparable foreign regulatory authorities may disagree with our study design, including endpoints, or our interpretation of data from preclinical studies and clinical trials or find that a product candidate’s benefits do not outweigh its safety risks;

- we may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that a drug or biologic candidate is safe and effective for its proposed indication or a related companion diagnostic is suitable to identify appropriate patient populations;
- the FDA or comparable foreign regulatory authorities may not accept data from studies with clinical trial sites in foreign countries;
- the FDA or comparable foreign regulatory authorities may disagree with our intended indications;
- the FDA or comparable foreign regulatory authorities may fail to approve or subsequently find fault with the manufacturing processes or our manufacturing facilities for clinical and future commercial supplies;
- the data collected from clinical trials of our current product candidates and any future product candidates may not be sufficient to the satisfaction of the FDA or comparable foreign regulatory authorities to support the submission of an BLA or NDA or other comparable submission in foreign jurisdictions or to obtain regulatory approval in the United States or elsewhere;
- the FDA or comparable foreign regulatory authorities may take longer than we anticipate to make a decision on our current product candidates and any future product candidates; and
- we may not be able to demonstrate that a product candidate provides an advantage over current standards of care or current or future competitive therapies in development.

Our development costs also will increase if we experience delays in testing or approvals, and we may not have sufficient funding to complete the testing and approval process. We may be required to obtain additional funds to complete clinical trials and prepare for possible commercialization. Significant delays relating to any preclinical or clinical trials also could shorten any periods during which we may have the exclusive right to commercialize our current product candidates and any future product candidates or allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our current product candidates and any future product candidates and may harm our business and results of operations. In addition, many of the factors that cause, or lead to, delays in clinical trials may ultimately lead to the denial of marketing approval of any of our current product candidates and any future product candidates. If any of these occur, our business, financial condition, results of operations, stock price and prospects may be materially harmed.

Challenges enrolling patients in our clinical trials may delay or prevent clinical trials of our product candidates.

Identifying and qualifying patients to participate in clinical trials is critical to our success. The timing of completion of our clinical trials depends in part on the speed at which we can recruit patients to participate in our clinical trials. We may not be able to initiate or continue clinical trials if we are unable to locate and enroll and retain sufficient numbers of eligible patients to participate in these trials. The ongoing COVID-19 pandemic may impact our ability to initiate clinical sites and recruit, enroll and retain patients or may divert healthcare resources away from clinical trials.

In addition to the competitive trial environment, the eligibility criteria of our planned clinical trials will further limit the pool of available participants as we will require that participants have specific, measurable characteristics to assure their cancer is severe enough but not too advanced for inclusion in a trial and exclude participants who have conditions that may increase the risk associated with participation in a trial. Additionally, the process of finding patients is costly. If patients are unwilling to participate in our trials, the timeline for recruiting patients, conducting studies and obtaining regulatory approval of potential products will be delayed.

The enrollment of patients further depends on many factors, including:

- the size of the patient population and process for identifying patients;
- the eligibility criteria for the clinical trial in question;
- the availability of an appropriate screening test, as necessary;
- the perceived risks and benefits of the product candidate under study;
- the efforts to facilitate timely enrollment in clinical trials;
- the proximity and availability of clinical trial sites for prospective patients;
- the design of the clinical trial;

- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- our ability to obtain and maintain patient consents;
- reporting of preliminary results of any of our clinical trials, and/or reporting of results of clinical trials of our competitors; and
- the risk that patients enrolled in clinical trials will drop out of the clinical trials before clinical trial completion.

Our clinical trials compete with other clinical trials for product candidates that treat the same indications or are in the same therapeutic areas, and this competition may reduce the number and types of eligible patients available to us because some patients who might have opted to enroll in our clinical trials may instead opt to enroll in a competitor's clinical trial. Furthermore, even if we are able to enroll a sufficient number of patients for our clinical trials, we may have difficulty maintaining participation of such patients in our clinical trials.

We anticipate that our product candidates will be used in combination with third-party drugs or biologics, some of which are still in development, and we have limited or no control over the supply, regulatory status, or regulatory approval of such drugs or biologics.

Our product candidates have the potential to be administered or co-formulated in combination with checkpoint inhibitor immunotherapies or other standards of care like chemotherapies, targeted therapies or radiotherapy. For example, we are currently conducting a multi-arm Phase 1/2a clinical trial of inupadenant as a single agent and in combination with pembrolizumab. In addition, in collaboration with GSK, we plan to expand the development of EOS-448 with multiple combinations, including with dostarlimab. Our ability to develop and ultimately commercialize our product candidates used in combination with pembrolizumab or any other checkpoint inhibitor immunotherapies will depend on our ability to access such drugs or biologics on commercially reasonable terms for the clinical trials and their availability for use with the commercialized product, if approved. We cannot be certain that commercial relationships, including our collaborations with Merck and GSK, will provide us with a steady supply of such drugs or biologics on commercially reasonable terms or at all.

Failure to maintain or enter into new successful commercial relationships, or the expense of purchasing checkpoint inhibitor immunotherapies or other comparator therapies, may delay our development timelines, increase our costs and jeopardize our ability to develop our product candidates as commercially viable therapies. If any of these occur, our business, financial condition, results of operations, stock price and prospects may be materially harmed.

Moreover, the development of product candidates for use in combination with another product or product candidate may present challenges that are not faced for single agent product candidates. We are currently developing inupadenant and EOS-448 for use in combination with checkpoint inhibitor immunotherapies and with other therapies and may develop inupadenant, EOS-448, or any future product candidates for use with other therapies. The FDA or comparable foreign regulatory authorities may require us to use more complex clinical trial designs in order to evaluate the contribution of each product and product candidate to any observed effects. The results of such trials could show that any positive previous trial results are attributable to the combination therapy and not our product candidates. Moreover, following product approval, the FDA or comparable foreign regulatory authorities may require that products used in conjunction with each other be cross labeled for combined use, which may require us to work with a third party to satisfy such a requirement. Additionally, developments related to the other product may impact our clinical trials for the combination as well as our commercial prospects should we receive marketing approval. Such developments may include changes to the other product’s safety or efficacy profile, changes to the availability of the approved product, quality, manufacturing and supply issues, and changes to the standard of care.

In the event that Merck, GSK or any other collaborator or supplier cannot continue to supply their products on commercially reasonable terms, we would need to identify alternatives for accessing such products. Additionally, should the supply of products from Merck, GSK or any other collaborator or supplier be interrupted, delayed or otherwise be unavailable to us, our clinical trials may be delayed. In the event we are unable to source an alternative supply, or are unable to do so on commercially reasonable terms, our business, financial condition, results of operations, stock price and prospects may be materially harmed.

We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we must focus on a limited number of research programs and product candidates and on specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial

potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future discovery and preclinical development programs and product candidates for specific indications may not yield any commercially viable products.

Interim "top-line" and preliminary results from our clinical trials that we announce or publish may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publish interim top-line or preliminary results from our clinical trials. Interim results from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Preliminary or top-line results also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, interim and preliminary data should be viewed with caution until the final data are available. Differences between preliminary or interim data and final data could significantly harm our business prospects and may cause the trading price of our common stock to fluctuate significantly.

We may not be able to file IND applications or IND amendments to commence additional clinical trials on the timelines we expect, and even if we are able to, the FDA or a comparable foreign regulatory may not permit us to proceed.

The FDA or comparable foreign regulatory authorities may require us to file separate INDs for additional clinical trials we plan to conduct with our current lead product candidates, inupadenant and EOS-448. We may not be able to file any additional INDs on the timelines we expect. For example, we may experience manufacturing delays or other delays with IND-enabling studies, including due to the impact of the ongoing COVID-19 pandemic on suppliers, study sites, or third-party contractors and vendors on whom we depend. Moreover, we cannot be sure that submission of an IND or submission of a trial to an IND will result in the FDA or comparable foreign regulatory authorities allowing further clinical trials to begin, or that, once begun, issues will not arise that lead us to suspend or terminate clinical trials. Additionally, even if regulatory authorities agree with the design and implementation of the clinical trials set forth in an IND, such regulatory authorities may change their requirements in the future. For example, the FDA or comparable foreign regulatory authorities may require the analysis of data from trials assessing different doses of the product candidate alone or in combination with other therapies to justify the selected dose prior to the initiation of large trials in a specific indication. Any failure to file INDs on the timelines we expect or to obtain regulatory approvals for our trials may prevent us from completing our clinical trials or commercializing our products on a timely basis, if at all. Similar risks relate to the review and authorization of our protocols and amendments by comparable foreign regulatory authorities.

We are conducting clinical trials for product candidates outside the United States, and the FDA and comparable foreign regulatory authorities may not accept data from such trials.

We are conducting and in the future may conduct one or more clinical trials outside the United States, including in Europe and in Asia. The acceptance of data from clinical trials conducted outside the United States or another jurisdiction by the FDA or comparable foreign regulatory authority may be subject to certain conditions or may not be accepted at all. In cases where data from foreign clinical trials are intended to serve as the basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the United States population and medical practice; and (ii) the trials were performed by clinical investigators of recognized competence and pursuant to good clinical practice, or GCP, regulations. In general, the patient population for any clinical trials conducted outside the United States must be representative of the population for whom we intend to label the product candidate in the United States. Additionally, the FDA's clinical trial requirements, including applicable study design, sufficient size of patient populations and statistical powering, must be met. Many foreign regulatory authorities have similar approval requirements. In addition, foreign trials are subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA or any comparable foreign regulatory authority will accept data from trials conducted outside of the United States or the applicable jurisdiction. If the FDA or any comparable foreign regulatory authority does not accept such data, additional trials would be needed, which could be costly and time-consuming, and which may result in our product candidates not receiving approval for commercialization in the applicable jurisdiction.

As an organization, we have never conducted pivotal clinical trials, and we may be unable to do so for any product candidates we may develop.

We will need to successfully complete pivotal clinical trials in order to obtain the approval of the FDA or comparable foreign regulatory authorities to market inupadenant, EOS-448, or any future product candidate. Carrying out pivotal clinical trials is a complicated process. As an organization, we have not previously conducted any later stage or pivotal clinical trials. In order to do so, we will need to continue to expand our clinical

development and regulatory capabilities, and we may be unable to recruit and train qualified personnel. We also expect to continue to rely on third parties to conduct our pivotal clinical trials. Consequently, we may be unable to successfully and efficiently execute and complete necessary clinical trials in a way that leads to BLA or NDA submission and approval of inupadenant, EOS-448, or future product candidates. We may require more time and incur greater costs than our competitors and may not succeed in obtaining regulatory approvals of product candidates that we develop. Failure to commence or complete, or delays in, our planned clinical trials, could prevent us from or delay us in commercializing our product candidates.

We face significant competition from other biopharmaceutical and biotechnology companies, academic institutions, government agencies, and other research organizations, which may result in others discovering, developing or commercializing products more quickly or marketing them more successfully than us. If their product candidates are shown to be safer or more effective than ours, our commercial opportunity may be reduced or eliminated.

The development and commercialization of cancer immunotherapy products is characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary rights. We face competition with respect to our product candidates, from major biopharmaceutical companies, specialty biopharmaceutical companies, and biotechnology companies worldwide. A number of large biopharmaceutical and biotechnology companies currently market and sell products, or are pursuing the development of products, for the treatment of solid tumors. Potential competitors also include academic institutions, government agencies, and other public and private research organizations that conduct research, seek patent protection, and establish collaborative arrangements for research, development, manufacturing, and commercialization.

While our product candidates are intended to be used in combination with other drugs or biologics with different mechanisms of action, if and when marketed they will compete with a number of drugs and biologics that are currently marketed or in development.

Our commercial opportunities could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are easier to administer, or are less expensive alone or in combination with other therapies than products we may develop alone or in combination with other therapies. Our competitors also may obtain FDA or comparable foreign regulatory authorities' approval for their products more rapidly than we do, which could result in our competitors establishing a strong market position before we are able to enter the market. In addition, our ability to compete may be affected by insurers, government, or other third-party payor coverage decisions.

Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals, and marketing approved products. Mergers and acquisitions in the biopharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in developing or acquiring technologies complementary to, or necessary for, our programs. If we are unable to successfully compete with these companies our business, financial condition, results of operations, stock price and prospects may be materially harmed.

The size of the potential market for our product candidates is difficult to estimate and, if our assumptions are inaccurate, the actual market for our product candidates may be smaller than our estimates.

The potential market opportunities for our product candidates are difficult to estimate and depend on the drugs with which our product candidates are co-administered or co-formulated and the success of competing therapies and therapeutic approaches. Our estimates of potential market opportunities are predicated on many assumptions that involve the exercise of significant judgment on the part of our management, are inherently uncertain, and their reasonableness has not been assessed by an independent source. New information may change the estimated incidence or prevalence of indications, and regulatory approvals, if received, may include limitations for use or contraindications that decrease the addressable patient population. If any of the assumptions proves to be inaccurate, the actual markets for our current product candidates and any future product candidates could be smaller than our estimates of the potential market opportunities.

Negative developments in the field of immuno-oncology or in the field of TIGIT or adenosine pathway therapeutics could damage public perception of our product candidates and negatively affect our business.

The commercial success of our product candidates will depend in part on public acceptance of the use of cancer immunotherapies and our mechanisms of action. Adverse events in clinical trials of our product candidates, or in

clinical trials of similar products, as well as any other negative developments in the field of immuno-oncology, including in connection with competitor therapies, could result in a decrease in demand for inupadenant, EOS-448, or any future product candidates that we may develop. These events also could result in the suspension, discontinuation, or clinical hold of or modification to our clinical trials. If public perception is influenced by claims that the use of cancer immunotherapies is unsafe, whether related to our therapies or those of our competitors, our product candidates may not be accepted by the general public or the medical community and potential clinical trial subjects may be discouraged from enrolling in our clinical trials or may discontinue their participation in our clinical trials. Negative developments could result in reduced probability of success of clinical trials involving our product candidates, challenges enrolling clinical trials, greater governmental regulation, stricter labeling requirements, and potential regulatory delays in the testing or approvals of our product candidates.

If we are unable to successfully commercialize any product candidate for which we receive regulatory approval, or experience significant delays in doing so, our business will be materially harmed.

If we are successful in obtaining marketing approval from applicable regulatory authorities for our current or future product candidates, our ability to generate revenues from our product candidates will depend on our success in:

- launching commercial sales, whether alone or in collaboration with others;
- receiving an approved label with claims that are necessary or desirable for successful marketing and does not contain limitations that impede our ability to market the product;
- creating market demand through marketing, sales and promotion activities;
- hiring, training, and deploying a sales force or contracting with third parties to commercialize our product candidates in the United States;
- manufacturing the product in sufficient quantities and at acceptable quality and cost to meet commercial demand;
- establishing and maintaining agreements with wholesalers, distributors, and group purchasing organizations on commercially reasonable terms;
- creating partnerships with, or offering licenses to, third parties to promote and sell our product candidates in foreign markets where we receive marketing approval;
- maintaining patent and trade secret protection or regulatory exclusivity;
- achieving market acceptance of our current product candidates or any future product candidates by patients, the medical community, and third-party payors;
- reimbursement decisions;
- effectively competing with other therapies; and
- maintaining a continued acceptable safety profile of our products.

To the extent we are not able to do any of the foregoing, our business, financial condition, results of operations, stock price and prospects will be materially harmed.

Risks related to government regulation

Even if our development efforts are successful, we may not obtain regulatory approval for any product candidates in the United States or other jurisdictions, which would prevent us from commercializing our product candidates. Even if we obtain regulatory approval for our product candidates, any such approval may be subject to limitations, including with respect to the approved indications or patient populations, which may impair our ability to successfully commercialize our product candidates.

We are not permitted to market, promote, or sell our product candidates before we receive regulatory approval from the FDA or comparable foreign regulatory authorities, and we may never receive such regulatory approval. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information for each therapeutic indication. Securing marketing approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the regulatory authorities. Even if our product candidates are approved, they may:

- be subject to limitations on the indicated uses or patient populations for which they may be marketed, distribution restrictions, or other conditions of approval;

- contain significant safety warnings, including boxed warnings, contraindications, and precautions;
- not be approved with label statements necessary or desirable for successful commercialization; or
- contain requirements for costly post-market testing and surveillance, or other requirements, including the submission of a risk evaluation and mitigation strategy, or REMS, to monitor the safety or efficacy of the products.

We have not previously submitted a BLA or NDA to the FDA, or a similar marketing application to comparable foreign regulatory authorities, for any product candidate, and we may not ultimately be successful in obtaining regulatory approval for claims that are necessary or desirable for successful marketing, or at all.

The regulatory approval processes of the FDA and comparable foreign regulatory authorities are lengthy, time consuming, and inherently unpredictable. If we experience delays in obtaining required regulatory approvals, our ability to generate revenue may be materially impaired.

The time required to obtain approval by the FDA and comparable foreign regulatory authorities is unpredictable but typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the discretion of regulatory authorities. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical, clinical or other studies. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change and may vary among jurisdictions. These regulatory requirements may require us to amend our clinical trial protocols, conduct additional preclinical studies or clinical trials that may require regulatory or IRB approval, or otherwise cause delays in the approval or rejection of an application. Any delay in obtaining or failure to obtain required approvals could materially adversely affect our ability to generate revenue from the particular product candidate, which may materially harm our business, financial condition, results of operations, stock price and prospects.

The FDA or a comparable foreign regulatory authority may determine that our product candidates have serious adverse events or undesirable side effects that delay or prevent their regulatory approval or commercialization.

Serious adverse events or undesirable side effects caused by our product candidates could cause us, IRBs, and other reviewing entities or regulatory authorities to interrupt, delay, or halt clinical trials and could result in enrollment challenges, discontinuation of trials, a more restrictive label, or delay or denial of marketing approval. We have identified in the past and may in the future identify serious adverse events suspected to be related to our product candidates. If concerns are raised regarding undesirable side effects or serious adverse events identified during clinical or preclinical testing, including any dose-limiting toxicities, the FDA or comparable foreign regulatory authority may request additional data or information or order us to pause or cease further development, e.g., by issuing a clinical hold on ongoing or planned clinical trials, declining to approve the product candidate, or issuing a letter requesting additional data or information prior to making a final decision regarding whether or not to approve the product candidate. The FDA or comparable foreign regulatory authorities, or IRBs and other reviewing entities, may also require, or we may voluntarily develop, strategies for managing adverse events during clinical development, which could include restrictions on our enrollment criteria, the use of stopping criteria, adjustments to a study's design, reconsent of enrolled patients, or the monitoring of safety data by a data monitoring committee, among other strategies. The FDA or a comparable foreign regulatory authority requests for additional data or information also could result in substantial delays in the approval of our product candidates. Additionally, we may evaluate our product candidates in combination with one another, and safety concerns arising during a combination trial could negatively affect the individual development program of each candidate, as the FDA or comparable foreign regulatory authorities may require us to discontinue single-candidate trials until the contribution of each product candidate to any safety issues is better understood.

Further, clinical trials by their nature utilize a sample of the potential patient population. With a limited number of patients and limited duration of exposure, rare and severe side effects of a drug or biologic candidate may only be uncovered when a significantly larger number of patients are exposed to the drug or biologic candidate or when patients are exposed for a longer period of time.

Later discovered undesirable side effects may further result in the imposition of a REMS, label revisions, post-approval study requirements, or other testing, and surveillance.

If our product candidates are associated with serious adverse events or undesirable side effects or have properties that are unexpected, we may need to abandon development or limit development of that product candidate to certain uses or subpopulations in which the undesirable side effects or other characteristics are less

prevalent, less severe or more acceptable from a risk-benefit perspective. The therapeutic-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may materially harm our business, financial condition, results of operations, stock price and prospects.

Regulatory approval by the FDA or comparable foreign regulatory authorities is limited to specific indications and conditions, and we may be subject to substantial fines, criminal penalties, injunctions, or other enforcement actions if we are determined to be promoting the use of our products for unapproved or "off-label" uses, or in a manner inconsistent with the approved labeling, resulting in damage to our reputation and business.

We must comply with requirements concerning advertising and promotion for any product candidates for which we obtain marketing approval. Promotional communications with respect to therapeutics are subject to a variety of legal and regulatory restrictions and continuing review by the FDA or comparable foreign regulatory authorities, Department of Justice, Department of Health and Human Services', or HHS, Office of Inspector General, state attorneys general, members of Congress, and the public. When the FDA or comparable foreign regulatory authorities issue regulatory approval for a product candidate, the regulatory approval is limited to those specific uses and indications for which a product is approved. If we are not able to obtain FDA or comparable foreign regulatory authority approval for desired uses or indications for our product candidates, we may not market or promote them for those indications and uses, referred to as off-label uses, and our business, financial condition, results of operations, stock price, prospects and reputation may be materially harmed. We also must sufficiently substantiate any claims that we make for our products, including claims comparing our products to other companies' products, and must abide by the FDA or comparable foreign regulatory authority's strict requirements regarding the content of promotion and advertising.

While physicians may choose to prescribe products for uses that are not described in the product's labeling and for uses that differ from those tested in clinical trials and approved by the regulatory authorities, we and any third parties engaged on our behalf are prohibited from marketing and promoting the products for indications and uses that are not specifically approved by the FDA or comparable foreign regulatory authorities. Regulatory authorities in the United States generally do not restrict or regulate the behavior of physicians in their choice of treatment within the practice of medicine. Regulatory authorities do, however, restrict communications by biopharmaceutical companies concerning off-label use.

Even if our current product candidates and any future product candidates receive regulatory approval, we will be subject to ongoing obligations and continued regulatory review, which may result in significant additional expense and limit how we manufacture and market our products.

Any product candidate for which we obtain marketing approval will be subject to extensive and ongoing requirements of and review by the FDA and comparable foreign regulatory authorities, including requirements related to the manufacturing processes, post-approval clinical data, labeling, packaging, distribution, adverse event reporting, storage, recordkeeping, applicable tracking and tracing requirements, export, import, advertising, marketing, and promotional activities. These requirements further include submissions of safety and other post-marketing information, including manufacturing deviations and reports, registration and listing requirements, the payment of annual fees, continued compliance with the FDA's current GMP, or cGMP, requirements relating to manufacturing, quality control, quality assurance, and corresponding maintenance of records and documents, and GCPs for any clinical trials that we conduct post-approval.

We and any of our suppliers or collaborators, including our contract manufacturing organizations, or CMOs, could be subject to periodic unannounced inspections by the FDA to monitor and ensure compliance with cGMPs and other FDA regulatory requirements. Application holders must further notify the FDA, and depending on the nature of the change, obtain FDA pre-approval for product and manufacturing changes.

In addition, later discovery of previously unknown adverse events or that the product is less effective than previously thought or other problems with our products, manufacturers, or manufacturing processes, or failure to comply with regulatory requirements either before or after approval, may yield various negative results, including:

- restrictions on manufacturing, distribution, or marketing of such products;
- restrictions on the labeling, including required additional warnings, such as boxed warnings, contraindications, precautions, and restrictions on the approved indication or use;
- modifications to promotional pieces;
- issuance of corrective information;

- requirements to conduct post-marketing studies or other clinical trials;
- clinical holds or termination of clinical trials;
- requirements to establish or modify a REMS or similar strategy;
- changes to the way the product candidate is administered;
- liability for harm caused to patients or subjects;
- reputational harm;
- the product becoming less competitive;
- warning or untitled letters;
- suspension of marketing or withdrawal of the products from the market;
- regulatory authority issuance of safety alerts, Dear Healthcare Provider letters, press releases, or other communications containing warnings or other safety information about the product candidate;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recalls of products;
- fines, restitution or disgorgement of profits or revenues;
- suspension or withdrawal of marketing approvals;
- refusal to permit the import or export of our products;
- product seizure or detention;
- FDA or comparable foreign regulatory authority debarment, suspension and debarment from government contracts, and refusal of orders under existing government contracts, exclusion from federal healthcare programs, consent decrees, or corporate integrity agreements; or
- injunctions or the imposition of civil or criminal penalties, including imprisonment.

We may in the future seek orphan drug status for our product candidates, but we may be unable to obtain such designations or to maintain the benefits associated with orphan drug status, including market exclusivity, which may cause our revenue, if any, to be reduced.

We may seek orphan drug designation for some or all of our product candidates in orphan indications in which there is a medically plausible basis for the use of these products. Even if we obtain orphan drug designation, exclusive marketing rights in the United States may be limited if we seek approval for an indication broader than the orphan designated indication and may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition. In addition, the FDA has expressed concerns regarding the regulatory considerations for orphan drug designation as applied to tissue agnostic therapies, and the FDA may interpret the federal Food, Drug and Cosmetic Act, as amended, or the FD&C Act, and regulations promulgated thereunder in a way that limits or blocks our ability to obtain orphan drug designation or orphan drug exclusivity, if our current product candidates and any future product candidates are approved, for our targeted indications.

The FDA may reevaluate the Orphan Drug Act and its regulations and policies. We do not know if, when, or how the FDA may change the orphan drug regulations and policies in the future, and it is uncertain how any changes might affect our business. Depending on what changes the FDA may make to its orphan drug regulations and policies, our business could be adversely impacted.

We may pursue Fast Track or Breakthrough Therapy designation by FDA. These designations may not actually lead to a faster development or regulatory review or approval process, and they do not assure FDA approval of any product candidates we may develop.

FDA's Fast Track and Breakthrough Therapy designations programs are intended to expedite the development of certain qualifying products intended for the treatment of serious diseases and conditions. While we may seek Fast Track or Breakthrough Therapy designation, there is no guarantee that we will be successful in obtaining any such designation. Even if we do obtain such designation, we may not experience a faster development process, review, or approval compared to conventional FDA procedures. Fast Track or Breakthrough Designation alone do

not guarantee qualification for the FDA's priority review procedures. A Fast Track or Breakthrough Therapy designation does not ensure that the product candidate will receive marketing approval or that approval will be granted within any particular timeframe. In addition, the FDA may withdraw Fast Track or Breakthrough Therapy designation if it believes that the designation is no longer supported by data from our clinical development program.

If we are unable to successfully validate, develop, and obtain regulatory approval for companion diagnostic tests for our product candidates that require or would commercially benefit from such tests, or experience significant delays in doing so, we may not realize the full commercial potential of these product candidates.

In connection with the clinical development of our product candidates for certain indications, we may engage third parties to develop or obtain access to *in vitro* companion diagnostic tests to identify patient subsets within a disease category who may derive selective and meaningful benefit from our product candidates. Such companion diagnostics would be used during our clinical trials as well as in connection with the commercialization of our product candidates. To be successful, we or our collaborators will need to address a number of scientific, technical, regulatory, and logistical challenges. The FDA and comparable foreign regulatory authorities regulate *in vitro* companion diagnostics as medical devices and, under that regulatory framework, likely will require the conduct of clinical trials to demonstrate the safety and effectiveness of any diagnostics we or our collaborators may develop, which we expect will require separate regulatory clearance or approval prior to commercialization.

Even if data from preclinical studies and early clinical trials appear to support development of a companion diagnostic for a product candidate, data generated in later clinical trials may fail to support the analytical and clinical validation of the companion diagnostic. We and our future collaborators may encounter difficulties in developing, obtaining regulatory approval for, manufacturing and commercializing companion diagnostics similar to those we face with respect to our therapeutic candidates themselves, including issues with achieving regulatory clearance or approval, production of sufficient quantities at commercial scale and with appropriate quality standards, and in gaining market acceptance. If we are unable to successfully develop companion diagnostics for these therapeutic product candidates, or experience delays in doing so, the development of these therapeutic product candidates may be adversely affected, these therapeutic product candidates may not obtain marketing approval, and we may not realize the full commercial potential of any of these therapeutics that obtain marketing approval. As a result, our business, results of operations and financial condition could be materially harmed.

Inadequate funding for the FDA, the SEC, and other government agencies could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of our business may rely, which could negatively impact our business.

The ability of the FDA or comparable foreign regulatory authorities to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept the payment of user fees, and statutory, regulatory and policy changes. Average review times at the agency have fluctuated in recent years as a result. Disruptions at the FDA and other agencies may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. In addition, government funding of the SEC and other government agencies on which our operations may rely, including those that fund research and development activities, is subject to the political process, which is inherently fluid and unpredictable.

As of May 26, 2021, the FDA noted it is continuing to ensure timely reviews of applications for medical products during the ongoing COVID-19 pandemic in line with its user fee performance goals. However, FDA may not be able to continue its current pace and review timelines could be extended, including where a pre-approval inspection or an inspection of clinical sites is required and due to the ongoing COVID-19 pandemic and travel restrictions FDA is unable to complete such required inspections during the review period. Regulatory authorities outside the United States may experience delays in their regulatory activities.

Even if we are able to commercialize any product candidates, such drugs and biologics may become subject to unfavorable pricing regulations or third-party coverage and reimbursement policies, which would harm our business.

The regulations that govern regulatory approvals, pricing and reimbursement for new drugs and biologics vary widely from country to country. Some countries require approval of the sale price of a drug or biologic before it can be marketed. In many countries, the pricing review period begins after marketing approval is granted. In some

foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product candidate in a particular country, but then be subject to price regulations that delay our commercial launch of the product candidate, possibly for lengthy time periods, and negatively impact the revenues we are able to generate from the sale of the product candidate in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more of our product candidates, even if our product candidates obtain marketing approval.

Healthcare legislative reform measures may have a material adverse effect on our business and results of operations.

The United States and many foreign jurisdictions have enacted or proposed legislative and regulatory changes affecting the healthcare system that could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities, and affect our ability to profitably sell a product for which we obtain marketing approval. Changes in regulations, statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: (i) changes to our manufacturing arrangements; (ii) additions or modifications to product labeling; (iii) the recall or discontinuation of our products; or (iv) additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of our business.

In the United States, a number of legislative initiatives have been advanced to contain healthcare costs. We expect that federal and state healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures.

Reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors, which may adversely affect our future profitability.

Our relationships with healthcare providers, customers, and third-party payors will be subject to applicable anti-kickback, fraud and abuse, and other healthcare laws and regulations, which could expose us to significant administrative, civil, and criminal penalties, damages, fines, disgorgement, imprisonment, exclusion from government healthcare programs, contractual damages, reputational harm, and diminished profits and future earnings.

Our arrangements with healthcare providers, third-party payors, customers, and others may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that constrain the business or financial arrangements and relationships through which we research, market, sell, and distribute our product candidates for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations, include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid;
- the federal civil and federal false claims laws and civil monetary penalty laws, including the False Claims Act which can be enforced through civil whistleblower or qui tam actions, impose criminal and civil penalties against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. In addition, the government may assert that a claim including items and services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services; similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- the federal physician payment transparency requirements, sometimes referred to as the “Sunshine Act” under the Affordable Care Act require certain manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children’s Health Insurance

Program to report CMS information related to payments and other transfers of value to physicians, as defined by such law, and teaching hospitals and the ownership and investment interests of such physicians and their immediate family members. Effective January 1, 2022, these reporting obligations will extend to include transfers of value made to certain non-physician providers such as physician assistants and nurse practitioners;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and its implementing regulations, which also imposes obligations on certain covered entity healthcare providers, health plans, and healthcare clearinghouses as well as their business associates that perform certain services involving the use or disclosure of individually identifiable health information, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions; and
- analogous state laws and regulations, such as state anti-kickback and false claims laws that may be broader in scope and apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; state laws requiring pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to physicians and other health care providers or marketing expenditures; state and local laws that require the registration of pharmaceutical sales representatives; and state laws governing the privacy and security of health information in certain circumstances.

Compliance efforts may be further complicated by the sometime significant variation between federal, state, and local laws which are not preempted by HIPPA. Ensuring that our future business arrangements with third parties comply with applicable healthcare laws and regulations could involve substantial costs. We have entered into certain advisory board and consulting agreements with physicians, including some who are compensated in the form of stock or stock options, who may influence the ordering or use of our product candidates, if approved. Governmental authorities may conclude that our business practices do not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations were to be found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, individual imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, integrity oversight and reporting obligations, and the curtailment or restructuring of our operations.

Failure to comply with environmental, health, and safety laws and regulations, may subject us to fines or penalties, or costs that could have a material adverse effect on the success of our business.

We are subject to numerous environmental, health, and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and biological and radioactive materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological, hazardous or radioactive materials.

Our business activities will be subject to the Foreign Corrupt Practices Act, or FCPA, and similar anti-bribery and anti-corruption laws.

Expanding our business activities outside of the United States, including our clinical trial efforts, subjects us to the FCPA and similar anti-bribery or anti-corruption laws, regulations, or rules of other countries. The FCPA generally prohibits offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to a non-United States government official in order to influence official action, or otherwise obtain or retain business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. Our business is heavily regulated and therefore involves significant interaction with public officials, including officials of non-United States governments. Additionally, in many other countries, the healthcare providers who prescribe pharmaceuticals are employed by their government, and the purchasers of pharmaceuticals are government entities; therefore, our dealings with these prescribers and purchasers will be subject to regulation under the FCPA. Our employees, agents, suppliers, manufacturers, contractors, or collaborators, or those of our affiliates, may fail to comply with all applicable laws and regulations, particularly given the high level of complexity of these laws. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers, or our employees, the closing down of facilities, including those of our suppliers and manufacturers, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries as well as difficulties in manufacturing or continuing to develop our products, and could materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, and our business, prospects, operating results, and financial condition.

Risks related to reliance on third parties

We rely on third parties to conduct our clinical trials and perform some of our research and preclinical studies. Failure by these third parties to satisfactorily carry out their contractual duties or to meet expected deadlines may delay and increase the costs of our development programs, adversely impacting our business and prospects.

We do not have the ability to conduct all aspects of our preclinical testing or clinical trials ourselves. As a result, we are, and expect to remain, dependent on third parties to conduct our ongoing clinical trials and any future clinical trials of our product candidates. The timing of the initiation and completion of these trials, therefore, is partially controlled by such third parties and may result in delays to our development programs. Specifically, we expect CROs, clinical investigators, and consultants to play a significant role in the conduct of these trials and the subsequent collection and analysis of data. We are not able to control all aspects of their activities. Nevertheless, we are responsible for ensuring that each of our trials is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards, and our reliance on the CROs and other third parties does not relieve us of our regulatory responsibilities. We and our CROs are required to comply with GCP requirements, which are regulations and guidelines enforced by the FDA, the Competent Authorities of the Member States of the European Economic Area, and comparable foreign regulatory authorities for all of our product candidates in clinical development. Regulatory authorities enforce these GCP requirements through periodic inspections of trial sponsors, clinical trial investigators and clinical trial sites. If we or any of our CROs or clinical trial sites fail to comply with applicable GCP requirements, the data generated in our clinical trials may be deemed unreliable, and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our clinical trials must be conducted with product produced under cGMP regulations. Our failure to comply with these regulations may require us to stop and/or repeat clinical trials, which would delay the marketing approval process.

CROs, clinical trial investigators or other third parties on which we rely may fail to devote adequate time and resources to our development activities or perform as contractually required. The performance of our CROs may also be interrupted by the ongoing COVID-19 pandemic, including due to travel or quarantine policies, heightened exposure of CRO staff to COVID-19, prioritization of resources toward the pandemic or high turnover rate. If any of these third parties fail to meet expected deadlines, adhere to our clinical protocols or meet regulatory requirements, otherwise performs in a substandard manner, or terminates its engagement with us, the timelines for our development programs may be extended or delayed or our development activities may be suspended or terminated. If any of our clinical trial sites terminates for any reason, we may experience the loss of follow-up information on subjects enrolled in such clinical trials unless we are able to transfer those subjects to another qualified clinical trial site, which may be difficult or impossible. In addition, clinical trial investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and may receive cash or equity compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, or the FDA or comparable foreign regulatory authorities concludes that the financial relationship may have affected the interpretation of the trial, the integrity of the data generated at the applicable clinical trial site may be questioned and the utility of the clinical trial itself may be jeopardized, which

could result in the delay or rejection of any marketing application we submit by the FDA or any comparable foreign regulatory authority. Any such delay or rejection could prevent us from commercializing our product candidates.

Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for our current product candidates or any future product candidates and will not be able to, or may be delayed in our efforts to, successfully commercialize our products.

If any of our relationships with these third-party CROs or others terminate, we may not be able to enter into arrangements with alternative CROs or other third parties or to do so on commercially reasonable terms.

Switching or adding additional CROs involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO begins work. As a result, delays may occur, which can materially impact our ability to meet our desired development timelines. Though we endeavor to carefully manage our relationships with our CROs and other third parties, there can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

We may not realize the benefits of our collaborations, alliances or licensing arrangements, including our collaboration with GSK for the global development of EOS-448.

We may form or seek strategic alliances, create joint ventures or collaborations, or enter into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our product candidates.

Currently we are party to the GSK Collaboration Agreement, pursuant to which we share with GSK responsibility and costs for the global development of EOS-448. Under the GSK Collaboration Agreement, in the United States we and GSK will jointly commercialize and equally split profits while outside of the United States GSK will receive an exclusive license for commercialization, and we are eligible to receive tiered double digit royalty payments up to 20% during a customary royalty term. Our collaboration with GSK is not without risks, which include the following:

- Our control over the development and commercialization activities of EOS-448 may be limited;
- GSK's commercialization activities outside the United States may adversely impact our own efforts in the United States;
- Relying on GSK to commercialize any products containing or comprising EOS-448 that obtain regulatory approval, may cause us to receive less revenues than if we commercialized these products ourselves, which could materially harm our prospects;
- GSK may compete with us, or collaborate with our competitors;
- GSK may not properly maintain or defend our intellectual property rights or may improperly use our intellectual property or proprietary information;
- GSK may fail to meet its obligations under the GSK Collaboration Agreement, to apply sufficient efforts at developing and commercializing EOS-448, or to comply with applicable legal or regulatory requirements; and
- disputes may arise between us and GSK that cause the delay or termination of the development or commercialization of our product candidates, or that result in costly litigation or arbitration that diverts management attention and resources.

The occurrence of any of the risks detailed above may materially adversely affect our business and our results of operations. Future collaborations will likely be subject to similar risks as outlined above. In addition, we face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex.

We may not realize the benefits of collaborations related to companion diagnostic tests for our therapeutic product candidates.

We intend to rely on third parties for the design, development and manufacture of companion diagnostic tests for our therapeutic product candidates that may require such tests. If we enter into collaborative agreements, we will be dependent on the sustained cooperation and effort of our future collaborators in developing and obtaining approval for these companion diagnostics. It may be necessary to resolve issues such as selectivity/specificity, analytical validation, reproducibility, or clinical validation of companion diagnostics during the development and regulatory approval processes. A diagnostic company with whom we contract may decide to discontinue selling or manufacturing the companion diagnostic test that we anticipate using in connection with development and commercialization of our product candidates or our relationship with such diagnostic company may otherwise terminate. We may not be able to enter into arrangements with another diagnostic company to obtain supplies of an alternative diagnostic test for use in connection with the development and commercialization of our product candidates or do so on commercially reasonable terms, which could adversely affect and/or delay the development or commercialization of our therapeutic candidates.

We rely on third parties to manufacture our product candidates, and we expect to continue to rely on third parties for the clinical as well as any future commercial supply of our product candidates. The development of our product candidates, and the commercialization of any approved products, could be stopped, delayed or made less profitable if any such third party fails to provide us with sufficient clinical or commercial quantities of such product candidates or products, fails to do so at acceptable quality levels or prices or fails to achieve or maintain satisfactory regulatory compliance.

We do not currently have, and we do not plan to build, the infrastructure or capability internally to manufacture product candidates for use in the conduct of our clinical trials or, if approved, for commercial supply. We rely on, and expect to continue to rely on, contract manufacturing organizations, or CMOs. Reliance on third-party providers may expose us to more risk than if we were to manufacture our product candidates ourselves. We do not control the manufacturing processes of the CMOs we contract with and are dependent on those third parties for the production of our product candidates in accordance with relevant applicable regulations such as cGMP, which includes, among other things, quality control, quality assurance and the maintenance of records and documentation.

In complying with the manufacturing regulations of the FDA and comparable foreign regulatory authorities, we and our third-party suppliers must spend significant time, money, and effort in the areas of design and development, testing, production, record-keeping and quality control to assure that the products meet applicable specifications and other regulatory requirements. The failure to comply with these requirements could result in an enforcement action against us, including the seizure of products and shutting down of production. We and any of these third-party suppliers also may be subject to audits by the FDA or comparable foreign regulatory authorities. If any of our third-party suppliers fails to comply with cGMP or other applicable manufacturing regulations, our ability to develop and commercialize our product candidates could suffer significant interruptions.

Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or drugs, operating restrictions, and criminal prosecutions, any of which could significantly and adversely affect supplies of our products.

Any disruption, such as a fire, natural hazards or vandalism at our CMOs, or any impacts on our CMOs due to the COVID-19 pandemic, could significantly interrupt our manufacturing capability. We currently do not have alternative production plans in place or disaster-recovery facilities available. In case of a disruption, we will have to establish alternative manufacturing sources. This would require substantial capital on our part, which we may not be able to obtain on commercially acceptable terms or at all. Additionally, we would likely experience months of manufacturing delays as we build facilities or locate alternative suppliers and seek and obtain necessary regulatory approvals. If this occurs, we will be unable to satisfy manufacturing needs on a timely basis, if at all. If changes to CMOs occur, then there also may be changes to manufacturing processes inherent in the setup of new operations for our product candidates and any products that may obtain approval in the future. Any such changes could require the conduct of bridging studies before we can use any materials produced at new facilities or under new processes in clinical trials or, for any products reaching approval, in our commercial supply. Further, business interruption insurance may not adequately compensate us for any losses that may occur and we would have to bear the additional cost of any disruption. For these reasons, a significant disruptive event of any CMOs could have drastic consequences, including placing our financial stability at risk.

Our product candidates and any drugs that we may develop may compete with other product candidates and drugs for access to manufacturing facilities. We may not be able to enter into similar commercial arrangements

with other manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us. Any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval.

If we were to experience an unexpected loss of supply of or if any supplier were unable to meet our clinical or commercial demand for any of our product candidates, we could experience delays in our planned clinical studies or commercialization. For example, the COVID-19 pandemic may impact our ability to procure sufficient supplies for the development of our current and future product candidates, and the extent of such impacts will depend on the severity and duration of the spread of the virus and the actions undertaken to contain COVID-19 or treat its effects. We could be unable to find alternative suppliers of acceptable quality and experience that can produce and supply appropriate volumes at an acceptable cost or on favorable terms. Moreover, our suppliers are often subject to strict manufacturing requirements and rigorous testing requirements, which could limit or delay production. The long transition periods necessary to switch manufacturers and suppliers, if necessary, would significantly delay our clinical trials and, for any product candidates that reach approval, the commercialization of our products, which would materially adversely affect our business, financial condition and results of operation.

The manufacture of biologics is complex, and our third-party manufacturers may encounter difficulties in production. If any of our third-party manufacturers encounter such difficulties, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or prevented.

Manufacturing biologics, especially in large quantities, is often complex and may require the use of innovative technologies to handle living cells. Each lot of an approved biologic must undergo thorough testing for identity, strength, quality, purity, and potency. Manufacturing biologics requires facilities specifically designed for and validated for this purpose, and sophisticated quality assurance and quality control procedures are necessary. Slight deviations anywhere in the manufacturing process, including filling, labeling, packaging, storage and shipping, and quality control and testing, may result in lot failures, product recalls, or spoilage. Changes to the manufacturing process often require preclinical and clinical data showing the comparable identity, strength, quality, purity, or potency of the products before and after such changes. Microbial, viral or other contaminations may require closure of facilities for an extended period of time to investigate and remedy the contamination, which could delay clinical trials and adversely harm our business. The use of biologically derived ingredients also can lead to allegations of harm, including infections or allergic reactions, or closure of product facilities due to possible contamination.

In addition, risks associated with large scale manufacturing for clinical trials or commercial scale include, among others, cost overruns, potential problems with process scale-up, process reproducibility, stability issues, compliance with good manufacturing practices, lot consistency, and timely availability of raw materials. Even if we obtain marketing approval for any of our product candidates, our manufacturers may not be able to manufacture the approved product to specifications acceptable to the FDA or other comparable foreign regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential commercial launch of the product, or to meet potential future demand. If our manufacturers are unable to produce sufficient quantities for clinical trials or for commercialization, our development and commercialization efforts would be impaired, which would have an adverse effect on our business, financial condition, results of operations and growth prospects.

Our reliance on third parties requires us to share our trade secrets, which increases the possibility of competitor discovery, misappropriation, or disclosure.

Because we rely on third parties to research and develop and to manufacture our product candidates, we must share trade secrets. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, consulting agreements, or other similar agreements with our advisors, employees, third-party contractors, and consultants. These agreements typically limit the rights of the third parties to use or disclose our confidential information, including our trade secrets. However, our agreements may contain certain limited publication rights. For example, any academic institution that we may collaborate with often expect to be granted rights to publish data arising out of such collaboration, and any joint research and development programs may require us to share trade secrets under the terms of our research and development or similar agreements. Sharing trade secrets and other confidential information increases the risk that such information becomes known by our competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements.

In addition, these agreements typically restrict the ability of our advisors, employees, third-party contractors, and consultants to publish data potentially relating to our trade secrets. Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of our agreements with third parties, independent development or publication of information by any of our third-party collaborators. Given that our proprietary position is based, in part, on our know-how and trade secrets, a competitor’s independent discovery of our trade secrets or other unauthorized use or disclosure would impair our competitive position and may have a material adverse effect on our business. Enforcing a claim that a third party illegally obtained and is using our

trade secrets, like patent litigation, is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets.

Risks related to our limited operating history, financial position and capital requirements

Our limited operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

We are a clinical-stage immuno-oncology company with a limited operating history. We have not yet demonstrated our ability to successfully conduct or complete any clinical trials, obtain marketing approvals, manufacture a commercial-scale product or arrange for a third party to do so on our behalf, or conduct sales, marketing, and distribution activities necessary for successful product commercialization. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we had a longer operating history.

We expect our financial condition and operating results to continue to fluctuate significantly from quarter to quarter and year to year due to a variety of factors, many of which are beyond our control. Accordingly, you should not rely upon the results of any quarterly or annual periods as indications of future operating performance.

We have incurred significant losses since inception, and we expect to incur losses over the next several years and may not be able to achieve or sustain revenues or profitability in the future.

Investment in biopharmaceutical product development is a highly speculative undertaking and entails substantial upfront capital expenditures and significant risk that any potential product candidate will fail to demonstrate adequate effect or an acceptable safety profile, gain regulatory approval and become commercially viable. We are still in the early stages of development of our product candidates. Inupadenant and EOS-448 are each in ongoing Phase 1/2a clinical trials. We have no products licensed for commercial sale and have not generated any revenue from product sales to date, and we continue to incur significant research and development and other expenses related to our ongoing operations.

Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of our current or future product candidates.

We expect to continue to incur significant losses for the foreseeable future, and we expect these losses to increase substantially if and as we:

- conduct preclinical studies and clinical trials for our current and future product candidates;
- continue our research and development efforts and submit INDs for future product candidates;
- seek marketing approvals for any product candidates that successfully complete clinical trials;
- build commercial infrastructure to support sales and marketing for any approved product candidates;
- scale up external manufacturing and distribution capabilities for clinical and, if approved, commercial supply of our product candidates;
- expand, maintain and protect our intellectual property portfolio;
- hire additional clinical, regulatory and scientific personnel and scale up such capabilities; and
- operate as a public company.

Because of the numerous risks and uncertainties associated with biopharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses we will incur or when, if ever, we will be able to achieve profitability. Even if we succeed in commercializing one or more of our product candidates, we will continue to incur substantial research and development and other expenditures to develop, seek approval for, and market additional product candidates. We may never succeed in these activities and, even if we succeed in commercializing one or more of our product candidates, we may never generate revenues that are significant or large enough to achieve profitability. In addition, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown challenges that may adversely affect our business. The size of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenue. Our prior losses and expected future losses have had and will continue to have an adverse effect on stockholders' equity.

We have never generated any revenue from product sales and may never be profitable.

Our ability to become profitable depends upon our ability to generate revenue. To date, we have not generated any revenue from any product sales. We have no products approved for commercial sale, and do not anticipate generating any revenue from product sales until after we have received marketing approval for the commercial sale of a product candidate, if ever. Our ability to generate revenue and achieve profitability depends significantly on our success in achieving a number of goals, including:

- initiating and completing research regarding, and preclinical and clinical development of, inupadenant, EOS-448, and any other product candidates;
- obtaining marketing approvals for inupadenant, EOS-448, and any other product candidates for which we complete clinical trials;
- developing a sustainable and scalable manufacturing process for inupadenant, EOS-448, and any other product candidates, including establishing and maintaining commercially viable supply and manufacturing relationships with third parties;
- launching and commercializing inupadenant, EOS-448, and any other product candidates for which we obtain marketing approvals, either directly or with a collaborator or distributor;
- obtaining market acceptance of inupadenant, EOS-448, and any other product candidates as viable treatment options;
- addressing any competing technological and market developments;
- identifying, assessing, acquiring and developing new product candidates;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter; obtaining, maintaining, protecting, and expanding our portfolio of intellectual property rights, including patents, trade secrets, and know-how; and
- attracting, hiring, and retaining qualified personnel.

We will require additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce, or terminate our product development or commercialization efforts.

Our operations have consumed substantial amounts of cash since inception. We expect to continue to spend substantial amounts to continue the clinical development of our product candidates, including our ongoing Phase 1/2a clinical trials of inupadenant and EOS-448 and our ongoing and planned IND-enabling studies for our other product candidates. If approved, we will require significant additional amounts in order to launch and commercialize our product candidates.

Changing circumstances may cause us to consume capital significantly faster than we currently anticipate, and we may need to spend more money than currently expected because of circumstances beyond our control. Accordingly, we will need to raise substantial additional capital in connection with our continuing operations.

Our future capital requirements depend on many factors, including:

- the scope, progress, results, and costs of researching and developing inupadenant, EOS-448, and any other product candidates, and conducting preclinical studies and clinical trials;
- the timing of, and the costs involved in, obtaining marketing approvals for inupadenant, EOS-448, and any other product candidates if clinical trials are successful;
- the extent to which we develop, in-license or acquire other product candidates and technologies;
- the number and development requirements of other product candidates we may pursue;
- the success of the GSK collaboration and any other collaborations;
- the cost of commercialization activities for any approved product, including marketing, sales and distribution costs;
- the cost of manufacturing inupadenant, EOS-448, and any other product candidates for clinical trials in preparation for marketing approval and commercialization;
- our ability to establish and maintain strategic licensing or other arrangements and the financial terms of such agreements;

- the costs involved in preparing, filing, prosecuting, maintaining, expanding, defending and enforcing patent claims, including litigation costs and the outcome of such litigation;
- the timing, receipt, and amount of sales of, or royalties on, future approved products, if any; and
- the emergence of competing cancer therapies and other adverse market developments.

Until we can generate sufficient product revenue to finance our cash requirements, which we may never do, we expect to finance our future cash needs through a combination of public or private equity offerings, debt financings, collaborations, strategic alliances, licensing and grant arrangements and other marketing or distribution arrangements. We cannot be certain that additional funding will be available on acceptable terms, or at all. Further, our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and the recent disruptions to and volatility in the credit and financial markets in the United States and worldwide resulting from the ongoing COVID-19 pandemic. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we may have to significantly delay, scale back or discontinue our research and development initiatives. We could be required to seek additional collaborators for our product candidates at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available or relinquish or license on unfavorable terms our rights to our product candidates in markets where we otherwise would seek to pursue development or commercialization ourselves.

Any of the above events could significantly harm our business, prospects, financial condition, and results of operations and cause the price of our common stock to decline.

Risks related to intellectual property

If we are unable to obtain and maintain sufficient intellectual property protection for our product candidates, or if the scope of the intellectual property protection is not sufficiently broad, our competitors could develop and commercialize products similar or identical to ours, and our ability to successfully commercialize our products may be adversely affected.

Our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to our product candidates and research programs. We seek to protect our proprietary position by filing patent applications in the United States and abroad related to our novel discoveries and technologies that are important to our business, however, we cannot predict:

- if and when patents may issue based on our patent applications;
- the scope of protection of any patent issuing based on our patent applications;
- whether the claims of any patent issuing based on our patent applications will protect our current product candidates or any future product candidates and their intended uses or prevent others from commercializing competitive technologies or products;
- whether or not third parties will find ways to invalidate or circumvent our patent rights;
- whether or not others will obtain patents claiming aspects similar to those covered by our patents and patent applications; and/or
- whether we will need to initiate litigation or administrative proceedings to enforce and/or defend our patent rights which will be costly whether we win or lose.

Obtaining and enforcing patents is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications, or maintain and/or enforce patents that may issue based on our patent applications, at a reasonable cost or in a timely manner. Additionally, we may fail to identify patentable aspects of our research and development results before it is too late to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators, CROs, CMOs, consultants, advisors and other third parties, any of these parties may breach these agreements and disclose such results before a patent application is filed, thereby jeopardizing our ability to seek patent protection.

We also cannot be certain that the claims in our pending patent applications directed to our product candidates and/or technologies will be considered patentable by the United States Patent and Trademark Office, or the USPTO, or by patent offices in foreign countries. One aspect of the determination of patentability of our inventions depends on the scope and content of the “prior art,” information that was or is deemed available to a person of

skill in the relevant art prior to the priority date of the claimed invention. There may be prior art of which we are not aware that may affect the patentability of our patent claims or, if issued, affect the validity or enforceability of a patent claim. Even if the patents do issue based on our patent applications, third parties may challenge the validity, enforceability or scope thereof, which may result in such patents being narrowed, invalidated or held unenforceable. Furthermore, even if they are unchallenged, patents in our portfolio may not adequately exclude third parties from practicing relevant technology or prevent others from designing around our claims. If the breadth or strength of our intellectual property position with respect to our product candidates is threatened, it could dissuade companies from collaborating with us to develop and threaten our ability to commercialize our product candidates. In the event of litigation or administrative proceedings, we cannot be certain that the claims in any of our issued patents will be considered valid by courts in the United States or foreign countries.

We may not identify relevant third-party patents or may incorrectly interpret the relevance, scope, or expiration of a third-party patent which might adversely affect our ability to develop and market our products.

We cannot guarantee that any of our patent searches or analyses, including the identification of relevant patents, the scope of patent claims, or the expiration of relevant patents, are complete or thorough, nor can we be certain that we have identified each and every third party patent and pending application in the United States and abroad that is relevant to or necessary for the commercialization of our product candidates in any jurisdiction.

The scope of a patent claim is determined by an interpretation of the law, the written disclosure in a patent and the patent's prosecution history. We must correctly interpret the relevance or the scope of a patent or a pending application, determine whether our products are covered by a third-party patent, predict whether a third party's pending application will issue with claims of relevant scope, and determine the expiration date of any patent in the United States or abroad that we consider relevant. Failure to do so may negatively impact our ability to develop and market our products.

We may need to obtain additional licenses of third-party technology that may not be available to us or are available only on commercially unreasonable terms, which may cause us to operate our business in a more costly or otherwise adverse manner that was not anticipated.

From time to time we may be required to license technology from additional third parties to further develop or commercialize our current product candidates or any future product candidates. Should we be required to obtain licenses to any third-party technology, including any such patents required to manufacture, use or sell our current product candidates or any future product candidates, such licenses may not be available to us on commercially reasonable terms, or at all. The inability to obtain any third-party license required to develop or commercialize any of our current product candidates or any future product candidates could cause us to abandon any related efforts, which could seriously harm our business and operations.

We may not be able to protect our intellectual property rights throughout the world.

Patents are of national or regional effect, and filing, prosecuting and defending patents on all of our current product candidates or any future product candidates throughout the world would be prohibitively expensive. As such, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Further, the legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to pharmaceuticals or biologics, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. In addition, certain developing countries, including China and India, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In those countries, we and our licensors may have limited remedies if patents are infringed or if we or our licensors are compelled to grant a license to a third party, which could materially diminish the value of those patents. This could limit our potential revenue opportunities. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Changes in patent law in the United States and other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our current product candidates or any future product candidates.

Our success is heavily dependent on intellectual property, particularly patents. However, the patent position of biopharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and in recent years has been the subject of much litigation, resulting in court decisions, including Supreme Court

decisions, that have increased uncertainties as to the ability to obtain and enforce patent rights in the future. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries could increase the uncertainties and costs. For example, in September 2011 the Leahy-Smith America Invents Act, or the America Invents Act, was signed into law and included a number of significant changes to United States patent law as then existed. These include provisions that affect the way patent applications are prosecuted, redefine prior art and provide more efficient and cost-effective avenues for competitors to challenge the validity of patents. Such avenues include allowing third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post-grant proceedings, including post-grant review, *inter partes* review, and derivation proceedings. After March 2013, under the America Invents Act, the United States transitioned to a first inventor to file system in which, assuming that the other statutory requirements are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. The America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The United States Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. Depending on future actions by the United States Congress, the United States courts, the USPTO and the relevant law-making bodies in other countries, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing and future patents.

We may rely on trade secret and proprietary know-how which can be difficult to trace and enforce and, if we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to seeking patents for some of our technology and current product candidates or any future product candidates, we may also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. Elements of our current product candidates or any future product candidates, including processes for their preparation and manufacture, may involve proprietary know-how, information, or technology that is not covered by patents, and thus for these aspects we may consider trade secrets and know-how to be our primary intellectual property. Any disclosure, either intentional or unintentional, by our employees, the employees of third parties with whom we share our facilities or third party consultants and vendors that we engage to perform research, clinical trials or manufacturing activities, or misappropriation by third parties (such as through a cybersecurity breach) of our trade secrets or proprietary information could enable competitors to duplicate or surpass our technological achievements, thus eroding our competitive position in our market.

Patent terms may be inadequate to protect our competitive position on our current product candidates or any future product candidates for an adequate amount of time.

Patent rights are of limited duration. Given the amount of time required for the development, testing, and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. Even if patents covering our current product candidates or any future product candidates are obtained, once the patent life has expired for a product, we may be open to competition from biosimilar or generic products. A patent term extension based on regulatory delay may be available in the United States. However, only a single patent can be extended for each marketing approval, and any patent can be extended only once, for a single product. Moreover, the scope of protection during the period of the patent term extension does not extend to the full scope of the claim, but instead only to the scope of the product as approved. Laws governing analogous patent term extensions in foreign jurisdictions vary widely, as do laws governing the ability to obtain multiple patents from a single patent family. Additionally, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. If we are unable to obtain patent term extension or restoration, or the term of any such extension is less than we request, the period during which we will have the right to exclusively market our product will be shortened and our competitors may obtain approval of competing products following our patent expiration, and our revenue could be reduced, possibly materially.

We may become involved in lawsuits alleging that we have infringed the intellectual property rights of third parties or to protect or enforce our patents or other intellectual property, which litigation could be expensive, time consuming and adversely affect our ability to develop or commercialize our product candidates.

The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. There is a substantial amount of intellectual property litigation in the biotechnology and pharmaceutical industries, and we may become party to, or threatened with, litigation or other adversarial proceedings regarding intellectual property rights with respect to our product candidates. Third parties may assert infringement claims against us based on existing or future intellectual property rights. If we were sued for patent infringement, we would need to demonstrate that our product candidates, products or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid or unenforceable, which may not be able to do. Proving invalidity may be difficult. For example, in the United States, proving invalidity in court requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents. If we are found to infringe a third party's intellectual property rights, we could be forced, including by court order, to cease developing, manufacturing or commercializing the infringing product candidate or product. Alternatively, we may be required to obtain a license from such third party in order to use the infringing technology and continue developing, manufacturing or marketing the infringing product candidate. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business.

In addition, we may find that competitors are infringing our patents, trademarks, copyrights or other intellectual property. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming and divert the time and attention of our management and scientific personnel. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents, in addition to counterclaims asserting that our patents are invalid or unenforceable, or both. In any patent infringement proceeding, there is a risk that a court will decide that a patent of ours is invalid or unenforceable, in whole or in part, and that we do not have the right to stop the other party from using the invention at issue. There is also a risk that, even if the validity of such patents is upheld, the court will construe the patent's claims narrowly or decide that we do not have the right to stop the other party from using the invention at issue on the grounds that our patent claims do not cover the invention. An adverse outcome in a litigation or proceeding involving our patents could limit our ability to assert our patents against those parties or other competitors, and may curtail or preclude our ability to exclude third parties from making and selling similar or competitive products. Any of these occurrences could adversely affect our competitive business position, business prospects and financial condition. Similarly, if we assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable, or that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In this case, we could ultimately be forced to cease use of such trademarks. Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may or may not be an adequate remedy.

We may be subject to claims that our employees, consultants, or independent contractors have wrongfully used or disclosed confidential information of third parties.

We could be subject to claims that we or our employees, consultants, or independent contractors have inadvertently or otherwise used or disclosed alleged trade secrets or other confidential information of former employers or competitors.

While we may litigate to defend ourselves against these claims, even if we are successful, litigation could result in substantial costs and could be a distraction to management. If our defenses to these claims fail, in addition to requiring us to pay monetary damages, a court could prohibit us from using technologies or features that are essential to our product candidates, if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. Moreover, any such litigation or the threat thereof may adversely affect our reputation, our ability to form strategic alliances or sublicense our rights to collaborators, engage with scientific advisors or hire employees or consultants, each of which would have an adverse effect on our business, results of operations and financial condition.

We may become subject to claims challenging the inventorship or ownership of our patents and other intellectual property.

We may be subject to claims that former employees, collaborators or other third parties have an interest in our patents or other intellectual property as an inventor or co-inventor. The failure to name the proper inventors on a patent application can result in the patents issuing thereon being unenforceable. Inventorship disputes may arise from conflicting views regarding the contributions of different individuals named as inventors, the effects of foreign laws where foreign nationals are involved in the development of the subject matter of the patent, conflicting obligations of third parties involved in developing our current product candidates or any future product candidates or as a result of questions regarding co-ownership of potential joint inventions. Litigation may be necessary to resolve these and other claims challenging inventorship and/or ownership. Alternatively, or additionally, we may enter into agreements to clarify the scope of our rights in such intellectual property. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Risks related to our business operations, employee matters, taxes, litigation, and managing growth

The current public health pandemic related to COVID-19 may adversely impact our operations, business and financial results.

The ongoing COVID-19 pandemic has presented a substantial public health and economic challenge around the world. In response to the pandemic, healthcare providers have, and may need to further, reallocate resources, such as physicians, staff, hospital beds, and intensive care unit facilities, as they prioritize limited resources and personnel capacity to focus on the treatment of patients with COVID-19. To date, the COVID-19 pandemic has caused widespread disruptions to the United States and global economy and has contributed to significant volatility and negative pressure in financial markets.

The continued spread of COVID-19 and identification of new strains of the virus could adversely impact our clinical trials, manufacturing and other operations, including:

- **Clinical trials**: The ongoing COVID-19 pandemic may cause delays in some of our clinical trials. Responses to COVID-19 by healthcare providers and regulatory agencies or staffing issues related to the COVID-19 response could impact the ability of clinical trial sites to participate in new clinical trials and could delay the commencement of trials, site initiation, compliance in the trials, the completion of trials, slow down enrollment, and make the ongoing collection of data for patients enrolled in studies more difficult or intermittent. Missing data could undermine data integrity and probability of success. In addition, due to COVID-19, some participants and clinical investigators may be unable or unwilling to comply with clinical trial protocols. For example, quarantines or other travel limitations (whether voluntary or required) were implemented in many countries during the past two years, and may impede participant movement, affect sponsor access to study sites, or interrupt healthcare services, which may negatively impact the execution of clinical trials. In addition, the vaccination efforts could slow patient enrollment in our studies as some patients may be unwilling to enroll in clinical trials before or soon after receiving the vaccination. Additionally, we have experienced challenges with respect to climate-controlled shipping of our product candidates, which may delay our ability to dose patients in our ongoing trials. Any negative impact COVID-19 has on study start-up, patient enrollment, retention or treatment, or data collection and validation could delay our clinical trial timelines and adversely affect our ability to obtain regulatory approval for and to commercialize our product candidates, particularly on our current projected timelines, increase our operating expenses and have a material adverse effect on our business and financial results.
- **Manufacturing**: The ongoing COVID-19 pandemic may negatively affect the operations of our third-party manufacturers, which could result in delays or disruptions in the supply of our product candidates for our clinical trials. Demand for vaccines and treatments for COVID-19 may make it more difficult to obtain materials or manufacturing slots for the products needed for our clinical trials, which could lead to delays in clinical trials.
- **Operations**: COVID-19 has resulted in significant governmental measures being implemented to control the spread of the virus. In response to these measures, in March 2020 we required all non-laboratory employees and all non-essential employees for laboratory work to work remotely, suspended non-essential travel for our employees and discouraged employee attendance at other

gatherings. In May 2020, as certain states eased restrictions, we established new protocols to better allow its full laboratory staff access to our facilities. These protocols included several shifts working over a seven-day-week protocol. These measures were not without risk. For instance, remote work may delay our pre-clinical programs development, disrupt our operations and increase the risk of a cybersecurity incident. With increased availability of vaccines and public health guidelines evolving to reflect their availability, we have shifted to a hybrid model for all our employees. We will continue to monitor and make adjustments in response to the public health environment, together with local, state and federal guidance regarding workplace protective measures. If there is an increase in COVID-19 infection rates or new outbreaks, our business may be adversely impacted, the extent of which will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration of the outbreak, the severity of COVID-19 or the effectiveness of actions to contain and treat COVID-19, particularly in the geographies where we, our third party manufacturers, CROs or current and planned clinical trial sites operate.

- **Stock Price**: COVID-19 has also caused volatility in the global financial markets and threatened a slowdown in the global economy, which may negatively affect our ability to raise additional capital on attractive terms or at all.

In addition, to the extent the ongoing COVID-19 pandemic adversely affects our business and results of operations, it may also have the effect of heightening many of the other risks and uncertainties described in this “Risk factors” section.

We expect to expand our development, regulatory, and operational capabilities and, as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.

As of December 31, 2021, we had 94 full-time employees. As we advance our research and development programs and as we begin operating as a public company, we expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of management and operations, clinical development, quality, regulatory affairs and, if any of our product candidates receive marketing approval, sales, marketing, and distribution. To manage our anticipated future growth, we must:

- identify, recruit, integrate, maintain, and motivate additional qualified personnel;
- manage our development efforts effectively, including the initiation and conduct of clinical trials for our current product candidates or any future product candidates, both as monotherapy and in combination with other intra-portfolio product candidates; and
- improve our operational, financial, and management controls, reporting systems and procedures.

Our future financial performance and our ability to develop, manufacture, and commercialize our product candidates will depend, in part, on our ability to effectively manage any future growth. Our management may also have to divert financial and other resources, and a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time, to managing these growth activities. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel.

We are highly dependent on our key personnel, and if we are not successful in attracting and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.

We are highly dependent on the services of our founder, Michel Detheux, Ph.D., who serves as our Chief Executive Officer and President, and on our other executives. Although we have entered into employment agreements with each of our executives, such agreements are not for a specific term and each executive may terminate their employment with us at any time. We are not aware of any present intention of any of these key personnel to leave us. We do not maintain “key person” insurance for any of our executives or employees. We believe that any of our executives would be difficult to replace.

Our industry has experienced a high rate of turnover in recent years. Our ability to compete in the highly competitive biopharmaceuticals industry depends upon our ability to attract, retain and motivate highly skilled and experienced personnel with scientific, medical, regulatory, manufacturing and management skills and experience. Although we conduct our research and development in Belgium, our headquarters with management is located in Massachusetts, and we plan on expanding our clinical development activities in the Boston area, a region that is home to many other biopharmaceutical companies as well as many academic and research institutions, resulting

in fierce competition for qualified personnel. We may not be able to attract or retain qualified personnel in the future due to the intense competition for a limited number of qualified personnel among biopharmaceutical companies. Many of our competitors have greater financial and other resources, different risk profiles and a longer history in the industry than we do, and may provide higher compensation, more diverse opportunities and/or better opportunities for career advancement. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. Any or all of these factors may limit our ability to continue to attract and retain high quality personnel, which could negatively affect our ability to successfully develop and commercialize our current product candidates or any future product candidates and to grow our business and operations as currently contemplated.

Cyberattacks on our information systems risk disclosure of confidential or proprietary information, including personal data, and could damage our reputation, and subject us to significant financial and legal exposure.

We rely on information technology systems that we or our third-party providers operate to process, transmit, and store electronic information in our day-to-day operations. In connection with our product discovery efforts, we may collect and use a variety of personal data, such as names, mailing addresses, email addresses, phone numbers and clinical trial information. Successful cyberattacks could result in the theft or destruction of intellectual property, data, or other misappropriation of assets, or otherwise compromise our confidential or proprietary information and disrupt our operations. Cyberattacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. Cyberattacks could include wrongful conduct by hostile foreign governments, industrial espionage, wire fraud and other forms of cyber fraud, the deployment of harmful malware, denial-of-service, social engineering fraud or other means to threaten data security, confidentiality, integrity and availability. Successful cyberattacks cause serious negative consequences, including, without limitation, the disruption of operations, the misappropriation of confidential business information, including financial information, trade secrets, financial loss and the disclosure of corporate strategic plans. Information security breaches can result in business, legal, financial, or reputational harm, or have a material adverse effect on our results of operations and financial condition. Any failure to prevent or mitigate security breaches or improper access to, use of, or disclosure of our clinical data or patients' personal data could result in significant liability under state (*e.g.*, state breach notification laws), federal (*e.g.*, HIPAA, as amended by HITECH), and international law (*e.g.*, the General Data Protection Regulation, or GDPR) and may cause a material adverse impact to our reputation, affect our ability to conduct new studies and potentially disrupt our business.

If we are unable to prevent or mitigate the impact of security or data privacy breaches, we could be exposed to litigation and governmental investigations, which could lead to a potential disruption to our business. If we or third-party CMOs, CROs or other contractors or consultants fail to comply with United States and international data protection laws and regulations, it could result in government enforcement actions (which could include civil or criminal penalties), private litigation, and/or adverse publicity and could negatively affect our operating results and business. Moreover, clinical trial subjects about whom we or our potential collaborators obtain information, as well as the providers who share this information with us, may contractually limit our ability to use and disclose the information. Claims that we have violated individuals' privacy rights, failed to comply with data protection laws, or breached our contractual obligations, even if we are not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm our business.

Unfavorable global economic and trade conditions could adversely affect our business, financial condition, or results of operations.

Any unplanned event, such as flood, fire, explosion, earthquake, extreme weather condition, medical epidemics, including any potential effects from the current global spread of COVID-19, political instability and military or other conflicts, including Russia's invasion of Ukraine and the potential for a wider European or global conflict, power shortage, telecommunication failure or other natural or man-made accidents or incidents that result in us being unable to fully utilize our facilities, or the manufacturing facilities of our third-party CMOs, may negatively impact our supply chain, manufacturing costs or productivity, the economies in geographies in which we operate, or our ability to operate our business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. Loss of access to these facilities may result in increased costs, delays in the development of our product candidates or interruption of our business operations. It may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we have in place may prove inadequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business

continuity plans, which could have a material adverse effect on our business. We maintain insurance coverage at levels that we believe are appropriate for our business. However, in the event of an accident or incident at these facilities, our insurance may not be sufficient to satisfy any damages and losses. If our facilities or the manufacturing facilities of our third-party CMOs are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our research and development programs may be harmed. Any business interruption may have a material and adverse effect on our business, financial condition, results of operations and prospects. Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets and global trade. We conduct, and we expect to continue to conduct, portions of our clinical trials outside the United States, and unfavorable economic conditions resulting in the weakening of the United States dollar would make those clinical trials more costly to operate. Furthermore, the most recent global financial crisis caused extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn could result in a variety of risks to our business, including a reduced ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain our suppliers, possibly resulting in supply disruption. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

A portion of our manufacturing of our lead product candidates takes place in China through third-party manufacturers. A significant disruption in the operation of those manufacturers, a trade war or political unrest in China could materially adversely affect our business, financial condition and results of operations.

We currently and expect to continue to contract manufacturing operations to third parties, and clinical quantities of our lead product candidates inupadenant and EOS-448 are manufactured by these third parties outside the United States, including in China. Any disruption in production or inability of our manufacturers in China to produce adequate quantities to meet our needs, whether as a result of a natural disaster, the COVID-19 pandemic or other causes, could impair our ability to operate our business on a day-to-day basis and to continue our development of our product candidates. Furthermore, since these manufacturers are located in China, we are exposed to the possibility of product supply disruption and increased costs in the event of changes in the policies of the United States or Chinese governments, political unrest or unstable economic conditions in China. For example, a trade war could lead to tariffs on the chemical intermediates we use that are manufactured in China and in 2017, the United States proposed tariffs of 25% on raw ingredients for pharmaceuticals, such as the active pharmaceutical ingredients for our proposed product candidates. Any of these matters could materially and adversely affect our business and results of operations. Any recall of the manufacturing lots or similar action regarding our product candidates used in clinical trials could delay the trials or detract from the integrity of the trial data and its potential use in future regulatory filings. In addition, manufacturing interruptions or failure to comply with regulatory requirements by any of these manufacturers could significantly delay clinical development of potential products and reduce third-party or clinical researcher interest and support of proposed trials. These interruptions or failures could also impede commercialization of our product candidates and impair our competitive position. Further, we may be exposed to fluctuations in the value of the local currency in China. Future appreciation of the local currency could increase our costs. In addition, our labor costs could continue to rise as wage rates increase due to increased demand for skilled laborers and the availability of skilled labor declines in China.

We may be exposed to significant foreign exchange risk.

We incur portions of our expenses, and may in the future derive revenues, in a variety of currencies. As a result, we are exposed to foreign currency exchange risk as our results of operations and cash flows are subject to fluctuations in foreign currency exchange rates. Fluctuations in currency exchange rates have had, and will continue to have, an impact on our results as expressed in United States dollars. We currently do not engage in hedging transactions to protect against uncertainty in future exchange rates between particular foreign currencies and the euro. We cannot predict the impact of foreign currency fluctuations, and foreign currency fluctuations in the future may adversely affect our financial condition, results of operations and cash flows.

Our operations subject us to potentially adverse tax consequences.

We are required to file income tax returns in the U.S. and Belgium, which requires us to interpret the applicable tax laws and regulations in effect in such jurisdictions. Furthermore, significant judgment is required in evaluating our tax positions, including our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. Our interpretation or application of accounting policies

may be questioned by the relevant tax authorities, and the relevant tax laws and regulations, or the interpretation thereof, including through tax rulings, by the relevant tax authorities, may be subject to change. Any adverse outcome of such a review or change, including any adverse resolution of one or more uncertain tax positions, may lead to adjustments in the amounts recorded in our financial statements, and could have a materially adverse effect on our operating results and financial condition.

United States federal income tax reform or unanticipated changes in Belgian tax laws and regulations could adversely affect our business and financial condition.

We are subject to taxes in the U.S. and Belgium, as well as laws and regulations regarding taxes, levies, and other charges in different countries, including transfer pricing and tax regulations for the compensation of personnel and third parties. Dealings between current group companies and former group companies as well as additional companies that may form part of our group in the future are subject to transfer pricing regulations, which may be subject to change and could affect us.

Our effective tax rates in Belgium and the United States could be adversely affected by changes in tax laws, treaties and regulations, both internationally and domestically, or the interpretation thereof by the relevant tax authorities, including changes to the innovation income deduction, possible changes to the corporate income tax base, wage withholding tax incentive for qualified research and development personnel in Belgium and other tax incentives and the implementation of new tax incentives. The Biden Administration and the Congress have introduced legislation that could significantly change U.S. tax laws. The likelihood of any such legislation being enacted is uncertain but could adversely impact us.

Future changes in tax laws could have a material adverse effect on our business, cash flow, financial condition or results of operations. We urge investors to consult with their legal and tax advisers regarding the implications of potential changes in tax laws on an investment in our common stock.

Our ability to use our United States net operating loss carryforwards and certain other United States tax attributes may be limited.

We have incurred substantial losses during our history and do not expect to become profitable in the near future, and we may never achieve profitability. Under current laws, United States federal net operating losses generated after December 31, 2017, and prior to January 1, 2021, will not expire and may be carried forward indefinitely, and generally may not be carried back to prior taxable years, except that, under the CARES Act, net operating losses generated in 2018, 2019 and 2020 may be carried back five taxable years. Additionally, for taxable years beginning after December 31, 2020, the deductibility of such United States federal net operating losses is limited to 80% of our taxable income in any future taxable year. In addition, both our current and our future unused losses may be subject to limitation under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, if we undergo an “ownership change,” generally defined as a greater than 50 percentage point change (by value) in its equity ownership by certain stockholders over a three-year period. We may have experienced such ownership changes in the past, and we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which are outside the Company’s control. As of December 31, 2021, we had United States federal and state net operating loss carryforwards of zero and $52.0 million, respectively, and our ability to utilize those net operating loss carryforwards could be limited by an “ownership change” as described above, which could result in increased tax liability to the Company.

If we are unable to use Belgian tax loss carryforwards to reduce future taxable income or benefit from the favorable Belgian tax legislation, our business, results of operations and financial condition may be adversely affected.

At December 31, 2021, we had an estimated cumulative carry forward tax losses of €49.7 million in Belgium. Under the current legislation these are available to carry forward and offset against future taxable income for an indefinite period in Belgium. If we are unable to use tax loss carryforwards to reduce future taxable income, our business, results of operations and financial condition may be adversely affected. As a company active in research and development in Belgium we have benefited from certain research and development incentives including, for example, the Belgian research and development tax credit. This tax credit can be offset against the Belgian corporate income tax due. The excess portion may be refunded as from the end of a five-year fiscal period. The research and development incentive is calculated based on the amount of eligible research and development expenditure. The Belgian tax authorities may audit each research and development program in respect of which a tax credit has been claimed and assess whether it qualifies for the tax credit regime. The tax authorities may challenge our eligibility for, or our calculation of, certain tax reductions and/or deductions in

respect of our research and development activities and, should the Belgian tax authorities be successful, we may be liable for additional corporate income tax, and penalties and interest related thereto, which could have a significant impact on our results of operations and future cash flows. Furthermore, if the Belgian government decides to eliminate, or reduce the scope or the rate of, the research and development incentive benefit, either of which it could decide to do at any time, our results of operations could be adversely affected.

We also expect to benefit from the innovation income deduction, or IID, in Belgium. The IID regime allows net profits attributable to revenue from patented products (or products for which the patent application is pending), among other things, be taxed at a lower rate than other revenues, 3.75% as of January 1, 2020.

Our inability to qualify for the abovementioned advantageous tax regimes, as well as the application of the minimum taxable base, may adversely affect our business, results of operations, and financial condition.

We are subject to certain covenants as a result of certain non-dilutive financial support we have received to date.

We have been awarded grants from the Walloon Region, a federal region of Belgium, or the Walloon Region, and the European Union to fund research and development activities. Several of the grants include no obligation to repay the amount received under the grants. We own the intellectual property rights that result from the research programs or with regard to a patent covered by these grants. Subject to certain exceptions, however, we cannot grant to third parties, by way of license, transfer or otherwise, any right to use the patents or research results without the prior consent of the Walloon Region. In addition, certain grants require that we exploit the patent in the countries where the protection was granted and to make an industrial use of the underlying invention. In case of bankruptcy, liquidation or dissolution, the rights to the patents covered by the patent grants will be assumed by the Walloon Region by operation of law unless the grants are reimbursed. Furthermore, we would lose our qualification as a small or medium-sized enterprise, the grants subsidies would terminate and no additional expenses would be covered by such patent grants.

Two of the grants, which are referred to as recoverable cash advance grants, or RCAs, include a potential obligation to repay the amount received under the grants. Under the RCAs, the Walloon Region will provide us with up to €23.2 million for our research and development programs for EOS-448 and inupadenant. During the year ended December 31, 2021, we received €0.5 million under the EOS-448 grant and €1.7 million under the inupadenant grant.

We must repay 30% of the amount received under the grants unless we decide not to pursue commercial development or out licensing of the drug candidate, apply for a waiver from the Walloon Region justifying our decision based upon the failure of the program, and return the intellectual property to the Walloon Region. This is referred to as the fixed repayment. In addition, in the event that we receive revenue from products or services related to the results of the program, we will have to pay to the Walloon Region a 0.33% royalty on revenue resulting from the first RCA grant and a 0.15% royalty on revenue resulting from the second RCA grant (increased from 0.12% effectively December 2021). The maximum amount payable to the Walloon Region under each grant, including the fixed repayment, the royalty on revenue, and the interest thereon, is twice the amount of funding received.

Subject to certain exceptions, we cannot grant to third parties, by way of license or otherwise, any right to use the results without the prior consent of the Walloon Region. We also need the consent of the Walloon Region to transfer an intellectual property right resulting from the research programs or a transfer or license of a prototype or installation. Obtaining such consent from the Walloon Region could give rise to their review of the applicable financial terms. The RCAs also contain provisions prohibiting us from conducting research within the scope of the RCAs for any third parties. This prohibition is applicable beyond the research phase and decision phase and could restrict our ability to enter into research-related collaboration or partnership agreements with respect to those programs.

Product liability lawsuits against us could cause us to incur substantial liabilities and could limit our commercialization of any product candidates that we may develop.

We face an inherent risk of product liability exposure related to the testing of our product candidates in human clinical trials and will face an even greater risk if we commercially sell any products that we may develop. If we cannot successfully defend ourselves against claims that our product candidates or products caused injuries, we could incur substantial liabilities. Regardless of merit or eventual outcome, product liability claims may result in:

- delay or termination of clinical trials;
- decreased demand for any product candidates or products that we may develop;

- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial subjects;
- initiation of investigations by regulators;
- significant costs to defend the related litigation and diversion of management's time and our resources;
- substantial monetary awards to study subjects or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue; and
- the inability to commercialize any products that we may develop.

We may be at an increased risk of securities class action litigation.

Historically, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biotechnology and pharmaceutical companies have experienced significant stock price volatility in recent years. If we were to be sued, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

Risks related to ownership of our common stock

The trading price of our common stock has been volatile.

The trading price of our common stock has been highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control, including limited trading volume. In addition to the factors discussed in this "Risk factors" section, these factors include:

- the results of our ongoing, planned or future preclinical studies, clinical trials or clinical development programs;
- the commencement, enrollment, or results of clinical trials of our product candidates or any future clinical trials we may conduct, or changes in the development status of our product candidates;
- adverse results or delays in preclinical studies and clinical trials;
- our decision to initiate a clinical trial, not to initiate a clinical trial, or to terminate an existing clinical trial;
- any delay in our regulatory filings or any adverse regulatory decisions, including failure to receive regulatory approval of our product candidates;
- changes in laws or regulations applicable to our products, including but not limited to clinical trial requirements for approvals;
- adverse developments concerning our manufacturers or our manufacturing plans;
- our inability to obtain adequate product supply for any licensed product or inability to do so at acceptable prices;
- our inability to establish collaborations if needed;
- our failure to commercialize our product candidates;
- additions or departures of key scientific or management personnel;
- unanticipated serious safety concerns related to the use of our product candidates;
- introduction of new products or services offered by us or our competitors;
- announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;
- changes in the structure of healthcare payment systems;
- our ability to effectively manage our growth;
- the size and growth of our initial cancer target markets;

- our ability to successfully treat additional types of cancers or at different stages;
- actual or anticipated variations in quarterly operating results;
- our cash position;
- our failure to meet the estimates and projections of the investment community or that we may otherwise provide to the public;
- publication of research reports about us or our industry, or immunotherapy in particular, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- changes in the market valuations of similar companies;
- overall performance of the equity markets;
- sales of our common stock by us or our stockholders in the future;
- trading volume of our common stock;
- changes in accounting practices;
- ineffectiveness of our internal controls;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- significant lawsuits, including intellectual property or stockholder litigation;
- general political and economic conditions; and
- other events or factors, many of which are beyond our control.

Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance.

Raising additional capital and future issuances of our common stock or rights to purchase common stock could result in additional dilution of the percentage ownership of our stockholders, restrict our operations, or require us to relinquish rights to our technologies or product candidates, and could cause our stock price to fall.

We expect that significant additional capital may be needed in the future to continue our planned operations, including conducting clinical trials, expanded research and development activities, and costs associated with operating as a public company. To raise capital, we may sell common stock, convertible securities, or other equity securities in one or more transactions, including through a combination of public and private equity offerings, debt financings, strategic partnerships and alliances and licensing arrangements, at prices and in a manner we determine from time to time. If we sell common stock, convertible securities, or other equity securities, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights, preferences, and privileges senior to the holders of our common stock.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, our stockholder’s ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect the rights of our stockholders. The incurrence of indebtedness would result in increased fixed payment obligations and could involve certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. If we raise additional funds through strategic partnerships and alliances and licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or product candidates, or grant licenses on terms unfavorable to us.

We do not intend to pay dividends on our common stock, so any returns will be limited to the value of our stock.

We currently anticipate that we will retain future earnings for the development, operation, and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. In addition, we may enter into agreements that prohibit us from paying cash dividends without prior written consent from our contracting parties, or which other terms prohibiting or limiting the amount of dividends that may be declared or

paid on our common stock. Any return to stockholders will therefore be limited to the appreciation of their stock, which may never occur.

Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant influence over matters subject to stockholder approval.

Our executive officers, directors, and 5% stockholders beneficially owned approximately 50.1% of our outstanding voting stock as of December 31, 2021. These stockholders have the ability to influence us through this ownership position. These stockholders may be able to determine all matters requiring stockholder approval. For example, these stockholders may be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that our stockholders may feel are in their best interest.

We are an emerging growth company and a smaller reporting company, and the reduced disclosure requirements applicable to emerging growth companies and smaller reporting companies may make our common stock less attractive to investors.

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act, or JOBS Act, enacted in April 2012. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding nonbinding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years following 2020, the year in which we completed our IPO, although circumstances could cause us to lose that status earlier. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the closing of our IPO, (b) in which we have total annual gross revenue of at least $1.07 billion or (c) in which we are deemed to be a large accelerated filer, which requires the market value of our common stock that is held by non-affiliates to exceed $700 million as of the prior June 30th, and (2) the date on which we have issued more than $1 billion in non-convertible debt during the prior three-year period.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this exemption from complying with new or revised accounting standards and, therefore, will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Even after we no longer qualify as an emerging growth company, we may still qualify as a “smaller reporting company,” which would allow us to take advantage of many of the same exemptions from disclosure requirements, including regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Anti-takeover provisions under our charter documents and Delaware law could delay or prevent a change of control, which could limit the market price of our common stock and may prevent or frustrate attempts by our stockholders to replace or remove our current management.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could delay, defer or prevent a change of control of our company or changes in our board of directors that our stockholders might consider favorable. Some of these provisions include:

- a board of directors divided into three classes serving staggered three-year terms, such that not all members of the board will be elected at one time;
- a prohibition on stockholder action through written consent, which requires that all stockholder actions be taken at a meeting of our stockholders;
- a requirement that special meetings of stockholders be called only by a majority of the members of our board of directors then in office;

- advance notice requirements for stockholder proposals and nominations for election to our board of directors;
- a requirement that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of not less than two-thirds of all outstanding shares of our voting stock then entitled to vote in the election of directors;
- a requirement of approval of not less than two-thirds of all outstanding shares of our voting stock and not less than two-thirds of the outstanding shares of each class entitled to vote thereon as a class to amend specific provisions of our certificate of incorporation;
- a requirement of approval of not less than two-thirds of all outstanding shares of our voting stock to amend any bylaws by stockholder action; and
- the authority of the board of directors to issue preferred stock on terms determined by the board of directors without stockholder approval and which preferred stock may include rights superior to the rights of the holders of common stock.

In addition, we are governed by the provisions of Section 203 of the Delaware General Corporate Law, which may prohibit certain business combinations with stockholders owning 15% or more of our outstanding voting stock. These antitakeover provisions and other provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make it more difficult for stockholders or potential acquirers to obtain control of our board of directors or initiate actions that are opposed by the then-current board of directors and could also delay or impede a merger, tender offer, or proxy contest involving our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing or cause us to take other corporate actions they desire. Any delay or prevention of a change of control transaction or changes in our board of directors could cause the market price of our common stock to decline.

Our amended and restated bylaws designate certain courts as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated bylaws provide that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any state law claim for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers, and employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws or (iv) any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein, or the Delaware Forum Provision. The Delaware Forum Provision will not apply to any causes of action arising under the Securities Act or the Exchange Act. Our bylaws further provide that, unless we consent in writing to the selection of an alternative forum, the United States District Court for the District of Massachusetts shall be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or the Federal Forum Provision, as our principle office is located in Cambridge, Massachusetts. In addition, our amended and restated bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our common stock is deemed to have notice of and consented to the foregoing provisions; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

We recognize that the Delaware Forum Provision and the Federal Forum Provision in our bylaws may impose additional litigation costs on stockholders in pursuing any such claims, particularly if the stockholders do not reside in or near the State of Delaware or the Commonwealth of Massachusetts. Additionally, the forum selection clauses in our amended and restated bylaws may limit our stockholders' ability to bring a claim in a forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and employees even though an action, if successful, might benefit our stockholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court were "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters. The Federal Forum Provision may also impose additional litigation costs on stockholders

who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the United States District Court for the District of Massachusetts may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

If we fail to establish and maintain proper and effective internal control over financial reporting, our operating results and our ability to operate our business could be harmed.

Ensuring that we have adequate internal control over financial reporting in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. In connection with our IPO, we began the process of documenting, reviewing, and improving our internal controls and procedures for compliance with Section 404 of the Sarbanes-Oxley Act, which will require annual management assessment of the effectiveness of our internal control over financial reporting. We have begun recruiting additional finance and accounting personnel with certain skill sets that we will need as a public company. If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. If that were to happen, the market price of our stock could decline and we could be subject to sanctions or investigations by the stock exchange on which our common stock is listed, the SEC or other regulatory authorities.

Implementing any appropriate changes to our internal controls may distract our officers and employees, entail substantial costs to modify our existing processes, and take significant time to complete. These changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and harm our business. In addition, investors' perceptions that our internal controls are inadequate or that we are unable to produce accurate financial statements on a timely basis may harm our stock price and make it more difficult for us to effectively market and sell our service to new and existing customers.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

In November 2021, the Company entered into a lease for 9,068 square feet of office space located at 321 Arsenal Street, Watertown, Massachusetts 02472, which terminates in February 2027. As of March 1, 2022, we moved our principal office to this property. Prior to that date, our principal office was located at 139 Main Street, Cambridge, Massachusetts 02142, which provided approximately 2,479 square feet of office space. The lease for the Cambridge office will expire on May 31, 2022.

For our Belgian subsidiary, we lease a facility containing approximately 1,577 square meters for laboratory and office space, which is located at 29 Rue des Frères Wright, 6041 Charleroi, Belgium. The lease expired on December 31, 2021, subject to an option to renew for additional one-year terms. In January 2021, the Company entered into an agreement to extend its office lease in Belgium effective February 1, 2021 through January 2030 and include 201 square meters of additional space. In October 2021, the Company entered into an agreement to lease an additional 453 square meters of space.

We believe that our current facilities are adequate for our current needs and that suitable additional or substitute space at commercially reasonable terms will be available as needed to accommodate any future expansion of our operations.

Item 3. Legal Proceedings.

From time to time, we may be a party to litigation or subject to claims incident to the ordinary course of business. We are not currently a party to any material legal proceedings, and our management believes that there are

currently no claims or actions pending against us, the ultimate disposition of which could have a material adverse effect on our results of operations or financial condition.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market information

Our common stock is publicly traded on the Nasdaq Global Select Market under the symbol "ITOS".

Holders of Record

As of March 18, 2022, there were approximately 22 holders of record of our common stock. This number does not include beneficial owners whose shares are held by nominees in street name.

Dividends

We have not declared or paid any cash dividends on our capital stock since our inception. We intend to retain future earnings, if any, to finance the operation and expansion of our business and do not anticipate paying any cash dividends to holders of common stock in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that our board of directors may deem relevant.

Securities authorized for issuance under equity compensation plans

The information required by Item 5 of Form 10-K regarding equity compensation plans will be included in our Definitive Proxy Statement to be filed with the SEC with respect to our 2022 Annual Meeting of Stockholders and is incorporated herein by reference.

Issuer purchases of equity securities

None

Item 6. Reserved

Item 7. 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 our consolidated financial statements and related notes and other financial information appearing elsewhere in this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report on Form 10-K, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk factors" section of this Annual Report on Form 10-K, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a clinical-stage biopharmaceutical company pioneering the discovery and development of a new generation of highly differentiated immuno-oncology therapeutics for people living with cancer. We leverage our deep understanding of tumor immunology and immunosuppressive pathways to design novel product candidates with the aim of restoring the immune response against cancer. Our innovative pipeline includes two clinical-stage programs targeting novel, de-risked immuno-oncology pathways. Each of our therapies in development has optimized pharmacologic properties designed to improve clinical outcomes.

Our lead antibody product candidate, EOS-448, also known as GSK4428859A, is an antagonist of TIGIT, or T-cell immunoreceptor with lg and ITIM domains, an immune checkpoint with multiple mechanisms of action. EOS-448 was selected for its affinity for TIGIT, its potency and its potential to engage the Fc gamma receptor, or FcγR, to activate dendritic cells, natural killer cells, and macrophages and to promote cytokine release, activation
of antigen presenting cells, and antibody-dependent cellular cytotoxicity, or ADCC, activity. We are also advancing inupadenant, a next-generation adenosine A2A receptor antagonist tailored to overcome the specific adenosine-mediated immunosuppression found in tumor microenvironment.

We began our research and development activities as a spin-off of Ludwig Cancer Research and have built significant expertise in designing novel cancer immunotherapies. Our internal research and development team has extensive expertise in tumor immunology, characterization of immunosuppressive mechanisms in the tumor microenvironment, pharmacology and translational medicine. We have also built discovery capabilities to develop both small molecules and antibodies with differentiated and optimized product profiles for targets validated by a strong scientific rationale. We continue to progress research programs focused on additional targets that complement our TIGIT and $A_{2A}R$ programs or address additional immunosuppressive pathways. In September 2021, we nominated a product candidate in the adenosine pathway for Investigational New Drug, or IND, enabling studies. Our expertise also allows us to integrate a biomarker-rich strategy into our clinical programs to measure the activity of a product candidate in patients, seek to optimize combination agents and identify patients we deem most likely to benefit from treatment.

On June 11, 2021, our wholly owned subsidiary, iTeos Belgium S.A., and GSK, executed the GSK Collaboration Agreement, which became effective on July 26, 2021. Pursuant to the GSK Collaboration Agreement, we agreed to grant GSK a license under certain of our intellectual property rights to develop, manufacture, and commercialize products comprised of or containing EOS-448, which license is exclusive in all countries outside of the United States and co-exclusive, with iTeos, in the United States. GSK and iTeos intend to develop EOS-448 in combination, including with other oncology assets of GSK, and iTeos and GSK will jointly own the intellectual
property created under the GSK Collaboration Agreement that covers such combinations. In partnership with GSK, iTeos has dosed the first patients in a clinical trial assessing the doublet of GSK's anti-PD-1 (dostarlimab) with EOS-448. We plan to evaluate this combination in registration-directed trials in first line PD-L1 high non-small cell lung cancer, head and neck squamous cell carcinoma and an additional indication. We and GSK also are initiating Phase 1b trials with novel triplets, including dostarlimab with EOS-448 and inupadenant as well as EOS-448 with dostarlimab and GSK's anti-CD96 antibody, GSK'608.

Since our inception in August 2011, we have devoted substantially all of our resources to organizing and staffing our company, business planning, raising capital, conducting discovery and research activities, filing patent applications, identifying potential product candidates, undertaking preclinical studies and clinical trials and establishing arrangements with third parties for the manufacture of initial quantities of our product candidates and component materials. To date, we have financed our operations primarily through license and collaboration revenue generated through the GSK Collaboration Agreement and through our Initial Public Offering, or IPO.

Through December 31, 2021, we had raised an aggregate of $210.6 million of net proceeds from the IPO and $177.1 million from the sale of preferred stock and received an up-front payment of $625.0 million with respect to the GSK Collaboration Agreement. As of December 31, 2021, our principal source of liquidity was cash and cash equivalents, which totaled $848.5 million.

We expect to continue to incur significant expenses in connection with ongoing development activities, particularly if and as we:

- continue preclinical studies and clinical trials and initiate new clinical trials for our product candidates;
- pursue regulatory approvals for our product candidates;
- advance the development of our product candidate pipeline;
- continue research activities as we seek to discover and develop additional product candidates;
- obtain, maintain, expand and protect our intellectual property portfolio;
- hire additional research and development, clinical and commercial personnel;
- scale up our clinical and regulatory capabilities; and
- add operational, financial and management information systems and personnel, including personnel to support our research and development programs, any future commercialization efforts and our transition to operating as a public company.

We are also party to other collaboration and license agreements in addition to the GSK Collaboration Agreement pursuant to which we may be required to make future royalty and milestone payments. In January 2017, we entered into a collaboration agreement with Adimab, LLC, or Adimab, pursuant to which we paid $1.0 million in 2018 to exercise an option to acquire certain licenses from Adimab. One of the antibodies licensed under this agreement is what we now refer to as EOS-448. In February 2021, we entered into an amendment to this agreement (the Amended Adimab Agreement). The Amended Adimab Agreement specifies different milestone payments for new products that are derived from research programs beginning after February 22, 2021 (the New Products). For New Products, on a per target basis, we may be required to pay development, regulatory and commercial milestone payments totaling up to an aggregate of $45.8 million for the first three products and additional milestone payments up to $14.5 million for each additional product. In 2020, the Company made a payment of $1.0 million due to reaching an additional milestone (dosing of first patient for Phase 1 clinical trial). As of the date of this Annual Report on Form 10-K, we have not pursued any additional targets under the Amended Adimab Agreement that could potentially result in such milestone payments. We will also pay Adimab low to mid single-digit percentage royalties on a country-by-country and product-by-product basis on worldwide net sales of licensed products. Through December 31, 2021, we have paid a total of $3.4 million to Adimab relating to milestones, option and other fees pursuant the Adimab Agreement.

We are also party to a biologics master services agreement with WuXi Biologics Hong Kong Limited, or WuXi, pursuant to which we will pay WuXi, at our election, either a low single-digit percentage royalty on global net sales of manufactured products or a one-time milestone payment in the low tens of millions.

On December 10, 2019, we entered into a Clinical Trial Collaboration and Supply Agreement (the MSD Agreement) with MSD International GmbH (MSD), a subsidiary of Merck & Co., Inc. Under the MSD Agreement, we sponsor a clinical trial in which both our compound and MSD's compound are dosed in combination. We conduct the research at our own cost and MSD contributes its compound towards the study at no cost to us. We will equally own the clinical data and inventions from the study, with the exception of inventions relating solely to each party's compound class. The MSD Agreement will expire upon the delivery of a written report on the results of the study, unless earlier terminated or agreed by the parties. We began receiving compounds from MSD on April 1, 2020 and we began the research study in the third quarter of 2020.

Impact of COVID-19

With the ongoing concern related to the COVID-19 pandemic during 2020 and 2021, we have maintained and expanded our business continuity plans to address and mitigate the impact of the COVID-19 pandemic on our business. In March 2020, to protect the health of our employees, and their families and communities, we restricted access to our offices to personnel who performed critical activities that must be completed on-site, limited the number of such personnel that could be present at its facilities at any one time, and requested that most of our employees work remotely. In May 2020, as certain states eased restrictions, we established new protocols to better allow its full laboratory staff access to our facilities. These protocols included several shifts working over a seven-day-week protocol. With increased availability of vaccines and public health guidelines evolving to reflect their availability, we have shifted to a hybrid model for all our employees. We will continue to monitor and make adjustments in response to the public health environment, together with local, state and federal guidance regarding workplace protective measures. We expect to continue incurring additional costs to ensure we

adhere to the guidelines instituted by the Centers for Disease Control and Prevention, or CDC, and to provide a safe working environment to our onsite employees.

While the ongoing COVID-19 pandemic has not significantly impacted our business or results of operations, the future impact of the COVID-19 pandemic on our industry, the healthcare system, our development timelines for EOS-448 and inupadenant, our preclinical research and development, and our current and future operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence. These developments include the scope, severity and duration of the COVID-19 pandemic, the identification of additional variants of COVID-19, the availability and utilization of vaccines and treatments for COVID-19, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others particularly in the geographies where we, our third party manufacturers, contract research organizations (CROs) or current and planned clinical trial sites operate. Disruptions to the global economy, disruption of global healthcare systems, and other significant impacts of the COVID-19 pandemic could have a material adverse effect on our business, financial condition, results of operations and growth prospects. See “Risk factors” for a discussion of the potential adverse impact of COVID-19 on our business, results of operations and financial condition.

Components of our results of operations

Revenue

To date, our revenues have been derived from the upfront payment associated with the GSK Collaboration Agreement.

For all collaboration agreements, no development or commercial milestones were included in the transaction price at inception, as all milestone amounts were fully constrained. As part of our evaluation of the constraint, we considered numerous factors, including that receipt of the milestones is outside our control and contingent upon success in future clinical trials and the licensee’s efforts. Any consideration related to sales-based milestones will be recognized when the related sales occur as they were determined to relate predominantly to the license granted to GSK and therefore have also been excluded from the transaction price. We are applying the royalty exception for sales-based royalties and will not recognize revenue until the subsequent sale of product occurs.

Research and development expenses

Research and development expenses consist primarily of costs incurred for the development of our product candidates, which include:

- costs to obtain licenses to intellectual property and related future payments should certain success, development and regulatory milestones be achieved;
- employee-related expenses, including salaries, benefits and stock-based compensation expense;
- expenses incurred under agreements with contract research organizations, or CROs, contract manufacturing organizations, or CMOs, and independent contractors that conduct research and development, preclinical and clinical activities on our behalf;
- costs of purchasing lab supplies and non-capital equipment used in our preclinical activities and in manufacturing clinical study materials through CMOs;
- consulting and professional fees related to research and development activities; and
- facility costs, depreciation, and other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance, and other supplies.

We expense research and development costs as incurred. We recognize costs for certain development activities, such as preclinical studies and clinical trials, based on an evaluation of the progress to completion of specific tasks using information provided to us by our vendors, such as patient enrollment or clinical site activations for services received and efforts expended.

Research and development activities are central to our business model. We expect research and development costs to increase significantly for the foreseeable future as our current development programs progress and new programs are added.

Because of the numerous risks and uncertainties associated with product development, we cannot determine with certainty the duration and completion costs of the current or future preclinical studies and clinical trials or if, when,

or to what extent we will generate revenues from the commercialization and sale of any product candidates that receive regulatory approval. We may never succeed in achieving regulatory approval for our product candidates. The duration, costs and timing of preclinical studies and clinical trials and development of our product candidates will depend on a variety of factors, which could all be impacted by the ongoing COVID-19 pandemic, including, but not limited to:

- successful enrollment in, and completion of, clinical trials;
- receipt of marketing approvals from applicable regulatory authorities;
- successful completion of preclinical studies and IND-enabling studies;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- obtaining and maintaining patent and trade secret protection and non-patent exclusivity;
- launching commercial sales of the product, if and when approved, whether alone or in collaboration with others;
- acceptance of a product, if and when approved, by patients, the medical community and third-party payors;
- effectively competing with other therapies and treatment options;
- a continued acceptable safety profile following approval;
- enforcing and defending intellectual property and proprietary rights and claims; and
- achieving desirable medicinal properties for the intended indications.

A change in the outcome of any of these factors could mean a significant change in the costs and timing associated with the development of our current and future preclinical and clinical product candidates. For example, if the FDA or comparable foreign regulatory authority were to require us to conduct clinical trials beyond those that we currently anticipate will be required for the completion of clinical development, or if we experience significant delays in execution of or enrollment in any of our preclinical studies or clinical trials, we could be required to expend significant additional financial resources and time on the completion of preclinical and clinical development.

The following table summarizes our principal product development programs, including direct research and development expenses allocated to each clinical product candidate:

	Year ended December 31,	
(in thousands)	**2021**	**2020**
Direct research and development expenses by program:		
EOS-448	$ 14,641	$ 5,884
Inupadenant	18,714	13,180
Other non-clinical programs	8,450	2,976
Indirect research and development expenses(1)	17,564	7,860
Total research and development expense	$ 59,369	$ 29,900

(1) The substantial majority of these costs relate to the EOS-448 and inupadenant programs. The majority of these costs are payroll and related costs for our employees performing in-house research and development activities and the remainder represents other research and development costs.

General and administrative expenses

General and administrative expenses consist primarily of employee-related expenses, including salaries, benefits and stock-based compensation, for personnel in executive, finance, business development, facility operations and administrative functions. Other significant costs include facility costs not otherwise included in research and development expenses, legal fees relating to patent and corporate matters and fees for accounting, tax and consulting services.

Grant income

We have agreements with granting agencies whereby we receive funding under grants that partially or fully reimburse us for eligible research and development expenditures. Certain grant agreements require us to repay the funding depending on whether we decide to pursue commercial development or out-licensing of any drug candidate that is produced from the research program. The repayment provision includes a portion that is fixed (corresponding to 30% of the grant), payable in annual installments, which is effective unless we decide not to pursue commercial development or out licensing of the drug candidate. The repayment provision also includes a potential obligation to pay a royalty that is contingent upon achieving sales of a product developed through the program. The maximum amount payable to the granting agency under each grant, including the fixed repayments, the royalty on revenue and the interest thereon, is twice the amount of funding received.

Research and development tax credits

Our wholly owned subsidiary iTeos Belgium S.A., as a Belgian biotechnology company, qualifies for a cash-based tax credit on research and development expenses. The credit is calculated based on a percentage of eligible research and development expenses defined by the Belgian government for each fiscal year (13.5% for 2021 and 2020) and then applying the effective tax rate to that result. The research and development tax credits are refundable to us if we are unable to use the credits to offset income taxes for the five subsequent tax years. We record a receivable and other income as the qualified expenses are incurred, as we are reasonably assured that the credit will be received, based upon our history of filing for the tax credits. Research and development tax credits receivable where we expect to receive refunds more than one year after the balance sheet date are classified as noncurrent in the consolidated balance sheet.

Fair value adjustment for preferred stock tranche rights liability

Prior to March 2020, we had an obligation to issue and our investors' had an obligation to purchase additional shares of Series B preferred stock. This obligation represented a freestanding financial instrument. The resulting preferred stock tranche rights liability was initially recorded at fair value, with gains and losses arising from changes in fair value recognized in the statement of operations and comprehensive income (loss) during each period while such instruments were outstanding and the tranche rights were settled in the first quarter of 2020. Accordingly, we are no longer required to record a liability for this obligation or changes in the fair value of the liability.

Other income (expense), net

Other income (expense), net includes income and expenses that do not fall within other categories of the statement of operations and comprehensive income (loss). Items included are interest income, bank fees and gain or loss on foreign currency transactions.

Income taxes

Income tax expense results from foreign minimum income tax and profit on a legal entity basis. For the first time since inception, we recognized income in 2021. Due to the revenue earned, we recognized income tax expense in 2021. As of December 31, 2021, we had foreign net operating loss carryforwards of $56.3 million with no expiration. As of December 31, 2021, we have fully utilized the U.S. net operating loss carryforwards and have $52.0 million of state net operating loss carryforwards. These net operating losses, along with temporary differences related primarily to capitalized research and development, or R&D expenses for tax purposes in Belgium and stock-based compensation in the U.S., resulted in a net deferred tax asset of $26.6 million. We have concluded that it is more likely than not that we will not realize the benefits of the deferred tax asset, and accordingly, established a full valuation allowance as of December 31, 2021. In addition, the Company recorded a $17.0 million liability as of December 31, 2021, related to an uncertain tax position regarding the Company's allocation of revenue between Belgium and the U.S.

Results of operations

Comparison of the years ended December 31, 2021 and 2020

The following table summarizes our results of operations for the years ended December 31, 2021 and 2020, together with the dollar change in those items:

(in thousands)	Year ended December 31, 2021	2020	Period to period change
Revenue:			
License and collaboration revenue	$ 344,775	$ —	$ 344,775
Total Revenue	344,775	—	344,775
Operating expenses:			
Research and development expenses	59,369	29,900	29,469
General and administrative expenses	40,505	15,340	25,165
Total operating expenses	99,874	45,240	54,634
Income (loss) from operations	244,901	(45,240)	290,141
Other income and (expenses):			
Grant income	10,181	5,647	4,534
Research and development tax credits	—	286	(286)
Fair value adjustment for preferred stock tranche rights liability	—	1,265	(1,265)
Other income (expense), net	1,382	(48)	1,430
Income (loss) before income taxes	256,464	(38,090)	294,554
Income tax expense (benefit)	41,943	(57)	42,000
Net income (loss)	$ 214,521	$ (38,033)	$ 252,554

License and collaboration revenue

License and collaboration revenue equaled $344.8 million for the year ended December 31, 2021, resulting from a portion the GSK upfront payment that was recognized in the second half of 2021.

Research and development expenses

Research and development expenses increased by $29.5 million to $59.4 million for the year ended December 31, 2021, from $29.9 million for the year ended December 31, 2020. This increase was primarily related to an increase of $5.0 million of payroll and related costs, a $19.8 million increase CRO/CMO fees and internal laboratory expenses, a $1.5 million increase in stock-based compensation, an increase of $0.8 million in professional fees and an increase of $0.6 million related to facilities. The Company recognized royalty expenses owed to the Walloon Region, equaling $0.9 million, due to the upfront fee license fee received from the GSK Collaboration Agreement. In addition, there was also a $0.9 million increase related to various other research and development expenses. The overall increase was due to an increase in activities related to EOS-448 and inupadenant clinical trials. In addition, there was an increase in spending related to our preclinical programs during the year ended December 31, 2021.

General and administrative expenses

General and administrative expenses increased by $25.2 million to $40.5 million for the year ended December 31, 2021 from $15.3 million for the year ended December 31, 2020.

The increase was primarily attributable to an increase of $1.8 million of payroll and related costs resulting from additional executives and finance and administrative employees added to enable us to operate as a public company, a $8.0 million increase in stock-based compensation, an increase of $11.3 million in professional fees, an increase of $1.0 million in recruiting fees, an increase of $0.4 million related to facilities and an increase of $1.8 million for directors and officers insurance as a result of becoming a public company in July 2020. In addition, there was also a $0.9 million increase related to various other general and administrative expenses. The overall increase in professional fees can be primarily attributed to the advisor and legal fees incurred by us for the GSK Collaboration Agreement, which equaled $6.8 million for the year ended December 31, 2021. In addition, we

incurred additional professional fees related to SEC reporting, SOX compliance, as we were a public company for a full year in 2021, and consulting costs related to our corporate structure in Belgium.

Grant income

Grant income increased by $4.6 million to $10.2 million for the year ended December 31, 2021 from $5.6 million for the year ended December 31, 2020. The overall increase in grant income, driven by spending on qualified research and development activities, was primarily attributable to preclinical activities, which were approved in March 2021, and the inupadenant program. For the year ended December 31, 2021, grant income relating to preclinical activities increased by $4.5 million and the grant income relating to the inupadenant program increased by $0.1 million.

Research and development tax credits

Research and development tax credits decreased by $0.3 million as no research and development tax credits were recognized as income for the year ended December 31, 2021, as the research and development tax credits are expected to be utilized to reduce the 2021 taxes due in Belgium.

Fair value adjustment for preferred stock tranche rights liability

As a result of changes in the fair value of the preferred stock tranche rights liability, we recognized other income of $1.3 million for the year ended December 31, 2020. As of December 31, 2020, the tranche rights have been settled and the remaining liability has been reclassified to additional paid-in capital.

Income tax (benefit) expense

	Year ended December 31,	
(in thousands)	**2021**	**2020**
Income (loss) before income taxes	$ 256,464	$ (38,090)
Income tax expense (benefit)	41,943	(57)
Effective tax rate	16.35%	0.15%

Our effective tax rate increased from 0.15% to 16.35% in the year ended December 31, 2021 as compared to the year ended December 31, 2020, primarily due to the generation of pre-tax income in 2021 as a result of the GSK Collaboration Agreement. The 2021 effective tax rate was lower than the federal and foreign statutory rates of 21% and 25%, respectively, primarily due to the mix of income between the U.S. and Belgium, the Innovation Income Deduction in Belgium, which excludes 85% of the net revenue generated from qualifying intellectual property from taxation and the taxation in the U.S. from the inclusion of foreign earnings under the Global Intangible Low-Taxed Income (“GILTI”) regime. In addition, the Company recorded a $17.0 million liability as of December 31, 2021, related to an uncertain tax position regarding the Company’s allocation of revenue between Belgium and the U.S.

See Note 9, *Income Taxes*, to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

Liquidity and capital resources

In July 2020, we completed our IPO in which we issued and sold 10,586,316 shares of our common stock at a public offering price of $19.00 per share. We received net proceeds from our IPO of $184.0 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. In early August 2020, we sold an additional 1,505,359 shares of common stock pursuant to the underwriters’ exercise of their option to purchase additional shares for net proceeds of $26.6 million.

In June, 2021, the Company's wholly owned subsidiary, iTeos Belgium S.A., and GSK executed the GSK Collaboration Agreement, pursuant to which we agreed to grant GSK a license under certain of our intellectual property rights to develop, manufacture, and commercialize products comprised of or containing our antibody product, EOS-448. Under the GSK Collaboration Agreement, GSK made an upfront payment of $625.0 million on August 5, 2021.

To date, we have funded our operations primarily with proceeds from the IPO, the sales of preferred stock, grants and licenses and the upfront payment from the GSK Collaboration Agreement. As of December 31, 2021, we had

$848.5 million in cash and cash equivalents. To date we have not generated any revenue from product sales and do not expect to generate revenue from the sales of products for the foreseeable future.

In addition, in the event that we receive revenue from products or services related to the intellectual property developed arising from the programs, we must pay to the Walloon Region a 0.33% royalty on revenue related to the inupadenant grant and a 0.15% royalty on revenue on the EOS-448 grant (increased from 0.12% effectively December 2021). The maximum amount payable to the Walloon Region under each grant, including the fixed annual repayments, the royalty on revenue, and the interest thereon, is twice the amount of grant received. The Company recorded a royalty accrual of $0.9 million as of December 31, 2021, due to the upfront payment received pursuant to the GSK Collaboration Agreement.

The following is a summary of our contractual obligations as of December 31, 2021:

Contractual Obligation	Total	Less than 1 year	More than 1 year and less than 3	More than 3 years and less than 5	More than 5 years
(In thousands)					
Operating lease obligation (1)	$ 6,243	$ 920	$ 1,998	$ 1,907	$ 1,418
Grants repayable (2)	6,625	190	442	852	5,141
Totals	$ 12,868	$ 1,110	$ 2,440	$ 2,759	$ 6,559

(1) During the year ended December 31, 2021, we entered into two amendments to extend the Belgium lease and increase the office and lab space, effective February 2021 and October 2021, both with a termination date of January 2030. The February 2021 amendment increased the office and laboratory space by 201 square meters and the November 2021 amendment increased the office and laboratory space by 453 square meters. In November 2021, we entered into a new lease for 9,068 square feet of office space in Watertown, Massachusetts, which terminates in February 2027.

(2) We have entered into two arrangements with the Walloon Region of Belgium, whereby the Walloon Region would provide us with up to $26.2 million for our EOS-448 ($4.9 million) and inupadenant ($21.3 million) research and development programs. As of December 31, 2021, we have received $3.1 million under the EOS-448 grant and $19.0 million under the inupadenant grant. We must repay 30% of the amount received under the grants in annual installments from 2023 to 2042 unless we decide not to pursue development and commercialization of the intellectual property developed arising from the program, apply for a waiver from the Walloon Region justifying our decision based upon the failure of the program, and return the intellectual property to the Walloon Region.

The table above does not include potential milestone and success fees, sublicense fees, royalty fees, licensing maintenance fees and reimbursement of patent maintenance costs that we may be required to pay under agreements we have entered into with certain institutions to license intellectual property. Our agreements to license intellectual property include potential milestone payments that are dependent upon the development of products using the intellectual property licensed under the agreements and contingent upon the achievement of development or regulatory approval milestones, as well as commercial and success payment milestones. We have not included such potential obligations in the table above because they are contingent upon the occurrence of future events and the timing, likelihood and amount of such potential obligations are not known with certainty.

The table above does not include any required expenditures part of the GSK Collaboration Agreement as part of the Global Development Plan, the Company and GSK agree to spend an aggregate amount of at least $900 million. GSK is responsible for 60% of the cost, while the Company is responsible for the remaining 40% of the cost related to the Global Development Plan. We have not included such potential expenditures, as the timing of the obligations are not known with certainty.

We enter into contracts in the normal course of business with CROs and clinical sites for the conduct of clinical trials, professional consultants for expert advice and other vendors for clinical supply manufacturing or other services. These contracts are not included in the table above as they provide for termination on notice, and therefore are cancelable contracts and do not include any minimum purchase commitments.

Cash flows

The following table provides information regarding our cash flows for the years ended December 31, 2021 and 2020:

(in thousands)	Year ended December 31, 2021	2020
Net cash provided by (used in):		
Operating activities	$ 513,140	$ (25,176)
Investing activities	(1,242)	(377)
Financing activities	3,659	340,339
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(3,176)	1,678
Net increase in cash, cash equivalents and restricted cash	$ 512,381	$ 316,464

Net cash provided by (used in) operating activities

Net cash provided by operating activities was $513.1 million during the year ended December 30, 2021. The increase was due to the upfront payment from GSK received in August 2021, which equaled $625.0 million. This was partially offset by operating expenses, excluding stock based compensation, equaling $86.1 million and various prepayments and over payment of taxes made in 2021. During the year ended December 31, 2020, we used cash in operating activities of $25.2 million, primarily resulting from our net loss of $38.0 million, partially offset primarily by the non-cash charge related to stock-based compensation of $4.3 million and a decrease in grants receivable of $5.2 million.

Net cash used in investing activities

Net cash used in investing activities increased $0.8 million for the year ended December 31, 2021 compared to the year ended December 31, 2020. The increase in cash used in investing activities was primarily due to higher investments in furniture and office equipment and leasehold improvements due to the expansion of office space in Belgium and the new lease in Watertown, MA during the year ended December 31, 2021.

Net cash provided by financing activities

Net cash provided by financing activities was $3.7 million during the year ended December 31, 2021. This was due to the proceeds received from the exercise of stock options, equaling $3.0 million, and proceeds from grant programs with a potential obligation for repayment, equaling $0.7 million, during the year. Net cash provided by financing activities was $340.3 million during the year ended December 21, 2020. We raised cash through the issuance of Series B-2 preferred stock, with net proceeds of $125.0 million and from our IPO, with net proceeds of $210.6 million. In addition, we received $4.0 million under grant programs with a potential obligation for repayment and $0.7 million in proceeds received from the exercise of stock options during the year.

Effects of exchange rate changes on cash, cash equivalents and restricted cash

The $3.2 million in the effects of exchange rate changes on cash, cash equivalents and restricted cash for the year ended December 31, 2021 was primarily caused by the decrease in the euro to dollar exchange rate between December 31, 2020 and 2021. The $1.7 million increase for the year ended December 31, 2020 was primarily caused by the increase in the euro to dollar exchange rate between December 31, 2019 and December 31, 2020.

Funding requirements

We expect our expenses to increase in connection with our ongoing activities, particularly as we continue our Phase 1/2 trials for both EOS-448 and inupadenant and move to larger randomized and registration-directed trials for both programs, advance the development of pipeline programs, initiate new research and preclinical development efforts and seek marketing approval for any product candidates that we successfully develop. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant

commercialization expenses related to establishing sales, marketing, distribution and other commercial infrastructure to commercialize such products.

In July 2020, we completed our IPO in which we issued and sold 10,586,316 shares of our common stock at a public offering price of $19.00 per share. We received net proceeds from our IPO of $184.0 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. In early August 2020, we issued and sold an additional 1,505,359 shares of common stock pursuant to the underwriters' exercise of their option to purchase additional shares for net proceeds of $26.6 million. Going forward, we expect to continue to incur additional costs associated with operating as a public company.

In June, 2021, the Company's wholly owned subsidiary, iTeos Belgium S.A., and GSK executed the GSK Collaboration Agreement, pursuant to which we agreed to grant GSK a license under certain of our intellectual property rights to develop, manufacture, and commercialize products comprised of or containing our antibody product, EOS-448. Under the GSK Collaboration Agreement, GSK made an upfront payment of $625.0 million on August 5, 2021. Additionally, we are eligible to receive up to $1.45 billion in milestone payments, contingent upon the EOS-448 program achieving certain development and commercial milestones.

As of December 31, 2021, we had cash and cash equivalents of $848.5 million. The significant increase in cash and cash equivalents is due to the $625.0 million upfront payment from GSK received on August 5, 2021. We believe our existing cash and cash equivalents will enable us to fund our operating expenses and capital expenditure requirements into 2026.

We have based our projections of operating capital requirements on assumptions that may prove to be incorrect and we may use all of our available capital resources sooner than we expect. Because of the numerous risks and uncertainties associated with the development and commercialization of EOS-448 and inupadenant, and the research, development and commercialization of other potential product candidates, we are unable to estimate the exact amount of our operating capital requirements. Our future capital requirements will depend on many factors, including:

- the scope, progress, timing, costs and results of clinical trials of product candidates;
- research and preclinical development efforts for any future product candidates that we may develop;
- our ability to enter into and the terms and timing of any collaborations, licensing agreements or other arrangements;
- the number of future product candidates that we pursue and their development requirements;
- the outcome, timing and costs of seeking regulatory approvals;
- the costs of commercialization activities for any of our product candidates that receive marketing approval to the extent such costs are not the responsibility of any future collaborators, including the costs and timing of establishing product sales, marketing, distribution and manufacturing capabilities;
- subject to receipt of marketing approval, revenue, if any, received from commercial sales of our current and future product candidates;
- our headcount growth and associated costs as we expand our research and development and establish a commercial infrastructure;
- the costs of preparing, filing and prosecuting patent applications, maintaining and protecting our intellectual property rights and defending against intellectual property related claims;
- the ongoing costs of operating as a public company; and
- the emergence of competing therapies and other adverse market developments.

Critical accounting policies and significant judgments and estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which we have prepared in accordance with U.S. generally accepted accounting principles. We believe that several accounting policies are important to understanding our historical and future performance. We refer to these policies as critical because these specific areas generally require us to make judgments and estimates about matters that are uncertain at the time we make the estimate, and different estimates—which also

would have been reasonable—could have been used. On an ongoing basis, we evaluate our estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and other market-specific or other relevant assumptions that we believe to be 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.

While our significant accounting policies are described in more detail in the notes to our financial statements appearing elsewhere in this Annual Report on Form 10-K, we believe the following accounting policies to be most critical to the judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

We generate revenue from our GSK Collaboration Agreement. We recognize revenue in accordance with ASC 606, which applies to all contracts with customers, except for contracts that are within the scope of other standards. Under ASC 606, we recognize revenue when our customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that we determine are within the scope of ASC 606, we perform the following five steps:

(i) identify the contract(s) with a customer;

(ii) identify the performance obligations in the contract;

(iii) determine the transaction price;

(iv) allocate the transaction price to the performance obligations in the contract; and

(v) recognize revenue when (or as) the entity satisfies a performance obligation.

We only apply the five-step model to contracts when it is probable that the entity will collect the consideration we are entitled to in exchange for the goods or services we transfer to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, we assess the goods or services promised within each contract and determine those that are performance obligations, and assess whether each promised good or service is distinct. We then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. We do not include a financing component in our estimated transaction price at contract inception unless we estimate that certain performance obligations will not be satisfied within one year. Additionally, we recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that we otherwise would have recognized is one year or less.

Research and development expenses

As part of the process of preparing our financial statements, we are required to estimate our accrued research and development expenses. This process involves reviewing open contracts and purchase orders, communicating with our personnel to identify services that have been performed for us and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of the actual cost. The majority of our service providers invoice us monthly in arrears for services performed or when contractual milestones are met. We make estimates of our accrued expenses as of each balance sheet date in our financial statements based on facts and circumstances known to us at that time, which we periodically confirm with the service providers and make adjustments if necessary. Examples of accrued research and development expenses include fees paid to:

- CROs in connection with clinical trials;
- CMOs with respect to clinical materials, intermediates, drug substance and drug product;
- vendors in connection with research and preclinical development activities; and
- vendors related to manufacturing, development and distribution of clinical supplies.

We must develop assumptions that require judgment to determine whether the individual promises should be accounted for as separate performance obligations or as a combined performance obligation, and to determine the stand-alone selling price for each performance obligation identified in the contract. Since the upfront license was bundled with other promises, we utilized judgment to assess the nature of the combined performance obligation and determined that the combined performance obligation is satisfied over time. Revenue is recognized using a percent complete method based on costs incurred compared with the total expected costs to

be incurred (cost to cost measure of progress). There are no outputs from the performance obligation. As a result, an input method was appropriate. A cost to cost measure of progress provides a faithful depiction of the transfer of services to the customer since the predominant inputs to the performance obligation are labor costs, research and development supplies and manufacturing supplies related to the Phase 1 Study, clinical manufacturing and know-how transfer.

The preceding estimates and judgments materially affect our recognition of revenue. Changes in our estimates of forecasted development costs could impact percentage complete and could have a material effect on revenue recorded in the period in which we determine that change occurs.

Stock-based compensation expense

Prior to our IPO in July 2020, there had been no public market for our common stock. The estimated fair value of our common stock was determined by our board of directors as of the date of each option grant, with input from management, considering our most recently available third-party valuations of common stock, and our board of directors' assessment of additional objective and subjective factors that it believed were relevant and which may have changed from the date of the most recent valuation through the date of the grant. These third-party valuations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. Our common stock valuations were prepared using either an option pricing method, or OPM, or a hybrid method, both of which used market approaches to estimate our enterprise value. In addition to considering the results of these third-party valuations, our board of directors considered both objective and subjective factors, including:

- the prices at which we sold preferred stock and the superior rights and preferences of the preferred stock relative to our common stock at the time of each grant;
- the progress of our research and development programs, including the status of preclinical studies and planned clinical trials for our product candidates;
- our stage of development and our business strategy;
- external market conditions affecting the biotechnology industry, and trends within the biotechnology industry;
- our financial position, including cash and cash equivalents on hand, and our historical and forecasted performance and operating results;
- the lack of an active public market for our common stock and our preferred stock; and
- the likelihood of achieving a liquidity event, such as an initial public offering or a sale of our company in light of prevailing market conditions.

The assumptions underlying these valuations represented management's best estimate, which involved inherent uncertainties and the application of management judgement. As a result, if factors or expected outcomes changed and we used significantly different assumptions or estimates, our stock-based compensation could be materially different.

Following our IPO, the fair value of our common stock is determined based on the quoted market price of our common stock.

There were no significant changes to assumptions used to value options using the Black Scholes option pricing model in 2021, with the exception of the stock and exercise prices.

Government grant funding and potential repayment commitments under recoverable cash advance grants (RCAs)

We have agreements with granting agencies whereby we receive funding under grants, which partially or fully conreimburse us for eligible research and development expenditures. Certain grant agreements require us to repay the funding wherein the repayment provision of the grants are predicated on whether we decide to pursue commercial development or out licensing of the drug candidate that is produced from the results of the research program. The repayment provision includes a portion that is fixed (corresponding to 30% of the grant) which is effective after we decide to pursue commercial development or out licensing of the drug candidate. The repayment provision also includes a potential obligation to pay a royalty that is contingent upon achieving sales of a product developed through the program. The maximum amount payable to the granting agency under each

grant, including the fixed repayments, the royalty on revenue, and the interest thereon, is twice the amount of funding received.

Grant funding for research and development received under grant agreements where there is a repayment provision is recognized as other income to the extent there is no potential obligation to repay this funding. We record the present value of the liability as a grant repayable in the accompanying consolidated balance sheets. The grant repayable is subsequently recorded at amortized cost. There were no significant changes to assumptions in 2021.

Income taxes

We are subject to taxes in the U.S. and Belgium. Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. We make these estimates and judgments about our future taxable income that are based on assumptions that are consistent with our future plans. Tax laws, regulations and administrative practices may be subject to change due to economic or political conditions including fundamental changes to the tax laws applicable to corporate multinationals. The U.S. and many countries in the European Union are actively considering changes in this regard. As of December 31, 2021, we had recorded a full valuation allowance on our net deferred tax assets because we expect that it is more likely than not that our deferred tax assets will not be realized. Should the actual amounts differ from our estimates, the amount of our valuation allowance could be materially impacted.

Furthermore, significant judgment is required in evaluating our tax positions. In the ordinary course of business, there are many transactions and calculations for which the ultimate tax settlement is uncertain. As a result, we recognize the effect of this uncertainty on our tax attributes or taxes payable based on our estimates of the eventual outcome. These effects are recognized when, despite our belief that our tax return positions are supportable, we believe that it is more likely than not that some of those positions may not be fully sustained upon review by tax authorities. We are required to file income tax returns in the U.S. and Belgium, which requires us to interpret the applicable tax laws and regulations in effect in such jurisdictions. Such returns are subject to audit by the various federal, state and foreign taxing authorities, who may disagree with respect to our tax positions. We believe that our consideration is adequate for all open audit years based on our assessment of many factors, including past experience and interpretations of tax law. We review and update our estimates in light of changing facts and circumstances, such as the closing of a tax audit, the lapse of a statute of limitations or a change in estimate. To the extent that the final tax outcome of these matters differs from our expectations, such differences may impact income tax expense in the period in which such determination is made. The eventual impact on our income tax expense depends in part if we still have a valuation allowance recorded against our deferred tax assets in the period that such determination is made.

Recent accounting pronouncements

Refer to Note 2, “Summary of Significant Accounting Policies,” in the accompanying notes to the consolidated financial statements for a discussion of recent accounting pronouncements.

Emerging growth company and smaller reporting company status

The Jumpstart Our Business Startups Act of 2012 permits an “emerging growth company” such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have elected not to “opt out” of this provision and, as a result, we will adopt new or revised accounting standards at the time private companies adopt the new or revised accounting standard and will do so until such time that we either (i) irrevocably elect to “opt out” of such extended transition period or (ii) no longer qualify as an emerging growth company. We have, however, elected to early-adopt certain new or revised accounting standards as of dates that may or may not coincide with the effective dates of private companies.

We are also a “smaller reporting company” meaning that the market value of our stock held by non-affiliates was less than $700 million and our annual revenue was less than $100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our stock held by non-affiliates is less than $250 million or (ii) our annual revenue was less than $100 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than $700 million. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue

to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to disclose this item.

Item 8. Financial Statements and Supplementary Data.

The financial statements required to be filed pursuant to this Item 8 are appended to this Annual Report on Form 10-K. An index of those financial statements is found in Item 15, Exhibits and Financial Statement Schedules, of this Annual/ Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2021, the end of the period covered by this Annual Report on Form 10-K. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving our objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2021, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act as the process designed by, or under the supervision of, our principal executive officer and our principal financial officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles (U.S. GAAP), and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and • fairly reflect the transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures are being made only in accordance with the authorizations of management and directors; and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

Under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework provided in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2021.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm due to an exemption established by the JOBS Act for “emerging growth companies”.

Changes in Internal Control over Financial Reporting

The Company has adopted a hybrid work model for all employees. For when employees are working in the office, the Company has implemented safety measures designed to comply with applicable federal, state and local guidelines instituted in response to the COVID-19 pandemic. The Company has also maintained efficient communication with the Company’s partners and clinical sites as the COVID-19 situation has progressed. The Company has taken these precautionary steps while maintaining business continuity so that it can continue to progress with its programs. These changes did not materially impact our internal control over financial reporting.

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting except for the items listed below.

On June 11, 2021, our wholly owned subsidiary, iTeos Belgium S.A., and GlaxoSmithKline Intellectual Property (No. 4) Limited, or GSK, executed a Collaboration and License Agreement, or the GSK Collaboration Agreement, which became effective on July 26, 2021. As a result of the GSK Collaboration Agreement, we implemented significant new accounting processes and internal controls over the related revenue recognition.

Effective January 1, 2021, we adopted ASU No. 2016-02, “Leases (Topic 842)” and related amendments (collectively, the “new lease standard”). As a result of our adoption of the new lease standard, we implemented significant new lease accounting processes and internal controls over lease accounting to assist us in the application of the new lease standard.

Item 9B. Other Information.

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item 10 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2022 Annual Meeting of Stockholders and is incorporated herein by reference.

Code of Business Conduct and Ethics

We have adopted a written code of business conduct and ethics, or Code, that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A current copy of the Code is available on the investor section of our website at investors.iteostherapeutics.com. The information contained in or accessible
from our website is not incorporated into this Annual Report, and you should not consider it part of this Annual
Report. We have included our website address in this Annual Report solely as an inactive textual reference. We intend to disclose on our website any amendments to, or waivers from, our Code that are required to be disclosed pursuant to SEC rules.

Item 11. Executive Compensation

The information required by this Item 11 will be included in our Definitive Proxy Statement to be filed with the SEC with respect to our 2022 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item 12 will be included in our Definitive Proxy Statement to be filed with the SEC with respect to our 2022 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item 13 will be included in our Definitive Proxy Statement to be filed with the SEC with respect to our 2022 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item 14 will be included in our Definitive Proxy Statement to be filed with the SEC with respect to our 2022 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(1) For a list of the financial statements included herein, see Index to the Consolidated Financial Statements on page F-1 of this Annual Report on Form 10-K, incorporated into this Item by reference. All financial statements;

(2) Financial statement schedules have been omitted because they are either not required or not applicable or the information is included in the consolidated financial statements or the notes thereto.

(3) Exhibits

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-39401) filed with the Securities and Exchange Commission on July 28, 2020).
3.2	Amended and Restated Bylaws of the Registrant (Incorporated by reference to Exhibit 3.3 to the Registrant's Current Report on Form 8-K (File No. 001-39401) filed with the Securities and Exchange Commission on July 28, 2020).
4.1	Amended and Restated Stockholders' Agreement, dated as of March 24, 2020 (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form S-1/A (File No. 333-239415) filed on July 20, 2020).
4.2	Form of Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.2 of the Registrant's Registration Statement on Form S-1/A (File No. 333-239415) filed on July 20, 2020).
4.3	Description of Securities (incorporated by reference to Exhibit 4.3 of the Registrant's Annual Report on Form 10-K(File No. 001-39401) filed on March 24, 2021).
10.1+	2019 Stock Option and Grant Plan, and forms of award agreements thereunder (incorporated by reference to Exhibit 10.1 of the Registrant's Registration Statement on Form S-1/A (File No. 333-239415) filed on July 20, 2020).
10.2+	2020 Stock Option and Incentive Plan, and forms of award agreements thereunder (incorporated by reference to Exhibit 10.2 of the Registrant's Registration Statement on Form S-1/A (File No. 333-239415) filed on July 20, 2020).
10.3**	Third Amended and Restated Collaboration Agreement between iTeos Belgium SA and Adimab, LLC, dated February 22,2021 (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q (File No. 001-39401) filed on May 13, 2021).
10.4**	Master Services Agreement between iTeos Belgium and WuXi Biologics (Hong Kong) Limited, dated March 21, 2017 (incorporated by reference to Exhibit 10.4 of the Registrant's Registration Statement on Form S-1/A (File No. 333-239415) filed on July 20, 2020).
10.5+	2020 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.5 of the Registrant's Registration Statement on Form S-1/A (File No. 333-239415) filed on July 20, 2020).
10.6+	Senior Executive Cash Incentive Bonus Plan (incorporated by reference to Exhibit 10.6 of the Registrant's Registration Statement on Form S-1/A (File No. 333-239415) filed on July 20, 2020).
10.7	Form of Officer Indemnification Agreement (incorporated by reference to Exhibit 10.7 of the Registrant's Registration Statement on Form S-1/A (File No. 333-239415) filed on July 20, 2020).
10.8	Form of Director Indemnification Agreement (incorporated by reference to Exhibit 10.8 of the Registrant's Registration Statement on Form S-1/A (File No. 333-239415) filed on July 20, 2020).

10.9+	Employment Agreement between the Registrant and Michel Detheux, Ph.D. (incorporated by reference to Exhibit 10.9 of the Registrant's Registration Statement on Form S-1/A (File No. 333-239415) filed on July 20, 2020).
10.10+	Employment Agreement between the Registrant and Matthew Call (incorporated by reference to Exhibit 10.10 of the Registrant's Registration Statement on Form S-1/A (File No. 333-239415) filed on July 20, 2020).
10.11+	Employment Agreement between the Registrant and Joanne Jenkins Lager, M.D (incorporated by reference to Exhibit 10.11 of the Registrant's Registration Statement on Form S-1/A (File No. 333-239415) filed on July 20, 2020).
10.12+	Employment Agreement between the Registrant and Matthew Gall (incorporated by reference to Exhibit 10.12 of the Registrant's Registration Statement on Form S-1/A (File No. 333-239415) filed on July 20, 2020).
10.13**	Collaboration and License Agreement between iTeos Belgium S.A and GlaxoSmithKline Intellectual Property (No. 4) Limited dated June 11, 2021 (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q (File No. 001-39401) filed on August 11, 2021).
10.14*	Lease Agreement between ARE-MA Region No. 75, LLC and iTeos Therapeutics, Inc. dated November 8, 2021.
10.15+*	Employment Contract between iTeos Belgium S.A. and Yvonne McGrath effective as of May 18, 2020.
21.1*	Subsidiaries of the Registrant
23.1*	Consent of Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises BV/SRL
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.
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.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Identified information has been excluded from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

+ Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

iTeos Therapeutics, Inc.

Date: March 23, 2022

By: /s/ Michel Detheux
Michel Detheux
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose individual signature appears below hereby authorizes and appoints Michel Detheux and Matthew Gall, and each of them, with full power of substitution and re-substitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this annual report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
/s/ Michel Detheux **Michel Detheux**	Chief Executive Officer and Director (Principal Executive Officer)	March 23, 2022
/s/ David L. Hallal **David L. Hallal**	Director and Chairman of the Board of Directors	March 23, 2022
/s/ Matthew Gall **Matthew Gall**	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 23, 2022
/s/ Detlev Biniszkiewicz **Detlev Biniszkiewicz**	Director	March 23, 2022
/s/ Aaron Davis **Aaron Davis**	Director	March 23, 2022
/s/ Derek DiRocco **Derek DiRocco**	Director	March 23, 2022
/s/ Tim Van Hauwermeiren **Tim Van Hauwermeiren**	Director	March 23, 2022
/s/ Tony Ho **Tony Ho**	Director	March 23, 2022
/s/ Robert Iannone **Robert Iannone**	Director	March 23, 2022
/s/ Ann D. Rhoads **Ann D. Rhoads**	Director	March 23, 2022
/s/ Matthew Roden **Matthew Roden**	Director	March 23, 2022

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

To the stockholders and the board of directors of iTeos Therapeutics, Inc.

Opinion on the Financial Statements
We have audited the accompanying consolidated balance sheets of iTeos Therapeutics, Inc. and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations and comprehensive income (loss), redeemable convertible preferred stock and stockholders' equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL

Zaventem, Belgium

March 23, 2022

We have served as the Company's auditor since 2017.

iTeos Therapeutics, Inc. and Subsidiaries
Consolidated Balance Sheets

(in thousands, except share amounts)	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 848,537	$ 336,326
Grants receivable	4,022	133
Research and development tax credits receivable	524	192
Refundable income taxes	7,544	—
Prepaid expenses and other current assets	14,086	2,893
Total current assets	874,713	339,544
Property and equipment, net	2,072	1,352
Research and development tax credits receivable, net of current portion	2,004	3,286
Restricted cash	298	128
Right of use assets	5,329	—
Other assets	296	248
Total assets	$ 884,712	$ 344,558
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 5,145	$ 3,026
Accrued expenses and other current liabilities	17,157	7,486
Deferred income	827	4,486
Deferred revenue	280,225	—
Lease liabilities	770	—
Total current liabilities	304,124	14,998
Grants repayable	6,164	5,883
Lease liabilities, net of current portion	4,571	—
Unrecognized tax benefits	17,000	—
Other noncurrent liabilities	33	480
Total liabilities	331,892	21,361
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 10,000,000 and zero shares authorized at December 31, 2021 and 2020, respectively, and zero shares issued or outstanding	—	—
Common stock, $0.001 par value, 150,000,000 shares authorized at December 31, 2021 and 2020, respectively; 35,466,001 and 35,044,758 shares issued and outstanding at December 31, 2021 and 2020, respectively	35	35
Additional paid-in capital	413,180	396,443
Accumulated other comprehensive (loss) income	(1,018)	617
Retained earnings (accumulated deficit)	140,623	(73,898)
Total stockholders' equity	552,820	323,197
Total liabilities and stockholders' equity	$ 884,712	$ 344,558

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

iTeos Therapeutics, Inc. and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income (Loss)

(in thousands, except share and per share amounts)	Year ended December 31, 2021	2020
Revenue:		
License and collaboration revenue	$ 344,775	$ —
Total revenue	344,775	—
Operating expenses:		
Research and development expenses	59,369	29,900
General and administrative expenses	40,505	15,340
Total operating expenses	99,874	45,240
Income (loss) from operations	244,901	(45,240)
Other income and (expenses):		
Grant income	10,181	5,647
Research and development tax credits	—	286
Fair value adjustment for preferred stock tranche rights liability	—	1,265
Other income (expense), net	1,382	(48)
Income (loss) before income tax expense (benefit)	256,464	(38,090)
Income tax expense (benefit)	41,943	(57)
Net income (loss)	214,521	(38,033)
Cumulative dividends on Series A Preferred Stock	—	(249)
Accretion of redeemable convertible preferred stock to redemption value	—	(5,120)
Net income (loss) attributable to common stockholders	$ 214,521	$ (43,402)
Basic net income (loss) per common share	$ 6.10	$ (2.88)
Diluted net income (loss) per common share	$ 5.68	$ (2.88)
Weighted-average common shares outstanding—basic	35,181,383	15,080,266
Weighted-average common shares outstanding—diluted	37,774,790	15,080,266
Net income (loss)	$ 214,521	$ (38,033)
Foreign currency translation adjustments	(1,635)	841
Comprehensive income (loss)	$ 212,886	$ (37,192)

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

iTeos Therapeutics, Inc. and Subsidiaries
Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)

(in thousands except share amounts)	Series A Preferred Stock Shares	Series A Preferred Stock Amount	Series B Preferred Stock Shares	Series B Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid- In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholder s' Equity (Deficit)
Balance at December 31, 2019	6,167,726	$ 5,353	20,942,781	$ 46,404	256,548	$ 1	$ —	$ (224)	$ (35,865)	$ (36,088)
Issuance of Series B-2 Preferred Stock, net of issuance costs of $332	—	—	44,453,477	125,026	—	—	—	—	—	—
Settlement of preferred stock tranche right							4,135			4,135
Accretion of Series B and B-2 Preferred Stock to redemption value	—	—	—	5,120	—	—	(5,120)	—	—	(5,120)
Conversion of redeemable convertible preferred stock to common stock upon closing of initial public offering	(6,167,726)	(5,353)	(65,396,258)	(176,550)	22,460,076	22	181,881			181,903
Issuance of common stock from initial public offering, net of issuance costs of $19.1 million					12,091,675	12	210,600			210,612
Stock-based compensation	—	—	—	—	—	—	4,292	—	—	4,292
Common stock issued upon exercises of options	—	—	—	—	236,459	—	655	—	—	655
Currency translation adjustment	—	—	—	—	—	—	—	841	—	841
Net loss	—	—	—	—	—	—	—	—	(38,033)	(38,033)
Balance at December 31, 2020	—	$ —	—	$ —	35,044,758	$ 35	$ 396,443	$ 617	$ (73,898)	$ 323,197
Stock-based compensation	—	—	—	—			13,794			13,794
Common stock issued upon exercises of options	—	—	—	—	421,243	—	2,943	—	—	2,943
Currency translation adjustment	—	—	—	—	—	—	—	(1,635)	—	(1,635)
Net income	—	—	—	—	—	—	—	—	214,521	214,521
Balance at December 31, 2021	—	$ —	—	$ —	35,466,001	$ 35	$ 413,180	$ (1,018)	$ 140,623	$ 552,820

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

iTeos Therapeutics, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

(in thousands)	Year Ended December 31, 2021	2020
Cash flows from operating activities		
Net income (loss)	$ 214,521	$ (38,033)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	603	535
Stock-based compensation	13,794	4,292
Change in operating lease right-of-use assets	12	—
Fair value adjustment for preferred stock tranche rights liability	—	(1,265)
Deferred rent	—	(35)
Changes in operating assets and liabilities:		
Grants receivable	(4,071)	5,175
Research and development tax credits receivable	727	(142)
Refundable income taxes	(7,544)	—
Prepaid expenses and other current assets	(11,789)	(1,927)
Accounts payable	2,280	1,677
Accrued expenses and other liabilities	9,959	2,759
Deferred income	(3,480)	—
Deferred revenue	281,128	1,788
Unrecognized tax benefits	17,000	—
Net cash provided by (used in) operating activities	513,140	(25,176)
Cash flows from investing activities		
Purchase of property and equipment	(1,181)	(356)
Purchase other assets	(61)	(21)
Net cash used in investing activities	(1,242)	(377)
Cash flows from financing activities		
Proceeds from initial public offering, net of underwriting discount	—	213,660
Payment of initial public offering costs	—	(3,048)
Proceeds from issuance of Series B-2 Preferred Stock	—	125,358
Payment of issuance costs on Series B-2 Preferred Stock	—	(332)
Proceeds from issuance of common stock upon exercise of options	2,943	655
Proceeds from grants repayable	716	4,046
Net cash provided by financing activities	3,659	340,339
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(3,176)	1,678
Net increase in cash, cash equivalents and restricted cash	512,381	316,464
Cash, cash equivalents and restricted cash at beginning of year	336,454	19,990
Cash, cash equivalents and restricted cash at end of year	$ 848,835	$ 336,454
Non-cash investing and financing activities		
Conversion of redeemable convertible preferred stock to common stock upon closing of the initial public offering	$ —	$ 181,903
Capital expenditure included in accounts payable	$ 175	$ —
Accretion of Series B and B-2 Preferred Stock to redemption value	$ —	$ 5,120
Settlement of preferred stock tranche right	$ —	$ 4,135
Operating lease liabilities arising from obtaining right-of-use assets	$ 5,877	$ —
Supplemental disclosure of cash flows		
Cash paid for taxes	$ 32,019	$ 108

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

Note 1. Nature of Business and Basis of Presentation

Organization

iTeos Therapeutics, Inc. (iTeos Inc. or the Company), a Delaware corporation headquartered in Watertown, Massachusetts (incorporated on October 4, 2019), is the successor to iTeos Belgium SA (iTeos Belgium) a company organized under the laws of Belgium in 2011 and headquartered in Charleroi, Belgium. The Company is a clinical stage biopharmaceutical company pioneering the discovery and development of a new generation of highly differentiated immuno-oncology therapeutics for people living with cancer. The Company leverages its deep understanding of the tumor immunology and immunosuppressive pathways to design novel product candidates with the aim of restoring the immune response against cancer. The Company's innovative pipeline includes two clinical-stage programs targeting novel, de-risked immuno-oncology pathways. Each of the Company's therapies in development has optimized pharmacologic properties designed to improve clinical outcomes.

The Company's lead antibody product candidate, EOS-448, also known as GSK4428859A, is an antagonist of TIGIT, or T-cell immunoreceptor with lg and ITIM domains, an immune checkpoint with multiple mechanisms of action. EOS-448 was selected for its affinity for TIGIT, its potency and its potential to engage the Fc gamma receptor, or FcγR, to activate dendritic cells, natural killer cells, and macrophages and to promote cytokine
release, activation of antigen presenting cells, and antibody-dependent cellular cytotoxicity, or ADCC, activity. In 2020, the Company started an open-label Phase 1/2a clinical trial of EOS-448 in adult cancer patients with advanced solid tumors. In April 2021, the Company reported preliminary safety, pharmacokinetic, engagement and pharmacodynamic data, indicating target engagement and early evidence of clinical activity as a single agent. In September 2021, the Company dosed the first patients in a Phase 1/2 clinical trial of EOS-448 in combination with pembrolizumab and in combination with the Company's $A_{2A}R$ antagonist inupadenant in patients with solid tumors. As of January 2022, the Company continues to explore EOS-448 in combination with pembrolizumab, dostarlimab or inupadenant in patients with solid tumors in ongoing Phase 1b trials.

Based on favorable preclinical data generated in collaboration with Fred Hutchinson Cancer Research Center, the Company is also advancing an open-label dose-escalation/expansion Phase 1/2 trial evaluating the safety, tolerability and preliminary activity of EOS-448 as monotherapy and in combination with Bristol Myers Squibb's iberdomide - a novel, potent oral cereblon E3 ligase modulator (CELMoD®) compound with enhanced tumoricidal and immune-stimulatory effects compared with immunomodulatory (IMiD®) agents - with or without dexamethasone, in adults with relapsed or refractory multiple myeloma.

On June 11, 2021, the Company's wholly owned subsidiary, iTeos Belgium S.A., and GlaxoSmithKline Intellectual Property (No. 4) Limited, or GSK, executed a Collaboration and License Agreement, or the GSK Collaboration Agreement, which became effective on July 26, 2021. Pursuant to the GSK Collaboration Agreement, the Company agreed to grant GSK a license under certain of its intellectual property rights to develop, manufacture, and commercialize products comprised of or containing EOS-448, which license is exclusive in all countries outside of the United States and co-exclusive, with iTeos, in the United States. GSK and iTeos intend to develop EOS-448 in combination, including with other oncology assets of GSK, and iTeos and GSK will jointly own the intellectual property created under the GSK Collaboration Agreement that covers such combinations. In partnership with GSK, the Company will assess the doublet of GSK's anti-PD-1 (dostarlimab) with EOS-448 in first line PD-L1 high non-small cell lung cancer, head and neck squamous cell carcinoma and an additional indication in registration-directed trials. The Company and GSK also are initiating trials with novel triplets, including dostarlimab with EOS-448 and inupadenant as well as EOS-448 with dostarlimab and GSK's anti-CD96 antibody, GSK'608.

The Company is also advancing inupadenant, a next-generation adenosine A_{2A} receptor antagonist tailored to overcome the specific adenosine-mediated immunosuppression found in tumor microenvironment, into proof-of concept trials in several indications following encouraging single-agent activity in Phase 1. The Company is investigating inupadenant in an open-label multi-arm Phase 1/2a clinical trial in adult cancer patients with advanced solid tumors. The single-agent dose-escalation and expansion portions of the Company's Phase 1/2a clinical trial of inupadenant have demonstrated durable monotherapy antitumor activity in patients with advanced solid tumors and safety consistent with previously reported results. As part of this monotherapy assessment of

inupadenant, the Company identified a potential predictive biomarker and it continues to evaluate this signal in the ongoing Phase 1b/2a trial. In 2022, the Company plans to initiate a randomized Phase 2 trial in a solid tumor indication to evaluate the combination of inupadenant with chemotherapy compared to standard of care chemotherapy alone. The Company has completed enrollment in the safety evaluation portion of the clinical trial of inupadenant in combination with chemotherapy and with pembrolizumab, as well as the monotherapy expansion cohort in prostate cancer. The Company has initiated an expansion arm evaluating inupadenant in combination with pembrolizumab in patients with PD-1-resistant melanoma, currently in an ongoing trial. In addition, the Company is evaluating a salt form of inupadenant in a Phase 1 study.

The Company began its research and development activities as a spin-off of Ludwig Cancer Research and have built significant expertise in designing novel cancer immunotherapies. The Company's internal research and development team has extensive expertise in tumor immunology, characterization of immunosuppressive mechanisms in the tumor microenvironment, pharmacology and translational medicine. The Company has also built discovery capabilities to develop both small molecules and antibodies with differentiated and optimized product profiles for targets validated by a strong scientific rationale. The Company continues to progress research programs focused on additional targets that complement its TIGIT and $A_{2A}R$ programs or address additional immunosuppressive pathways. In September 2021, the Company nominated a product candidate in the adenosine pathway for Investigational New Drug, or IND, enabling studies. The Company's expertise also allows it to integrate a biomarker-rich strategy into its clinical programs to measure the activity of a product candidate in patients, seek to optimize combination agents and identify patients it deems most likely to benefit from treatment.

On December 2, 2020, iTeos Securities Corporation (iTeos SC) was incorporated as a Massachusetts Security Corporation. It is a wholly-owned subsidiary of iTeos Inc. On July 27, 2021, iTeos BE, LLC (iTeos LLC) was incorporated as a Delaware Limited Liability Company. It is a wholly-owned subsidiary of iTeos Belgium.

Reverse Stock Split and Initial Public Offering

On July 20, 2020, the Company effected a 1-for-3.3115 reverse stock split of the Company’s common stock and adjusted the ratio at which the Company’s preferred stock is convertible into common stock, as well as the number of shares under the 2019 Stock Option and Grant Plan and the Amended and Restated Certificate of Incorporation of iTeos Therapeutics, Inc., as well as the share amounts of stock grants under the plan and the number of options and exercise prices of options under the plan. All shares of common stock, stock options exercisable for shares of common stock, and per share information presented in the accompanying consolidated financial statements and notes thereto have been adjusted, where applicable, to reflect the reverse stock split on a retroactive basis for all periods presented. There was no change in the par value of the Company’s common stock.

On July 28, 2020, the Company completed its initial public offering (IPO), in which the Company issued and sold 10,586,316 shares of its common stock, for aggregate gross proceeds of $201.1 million and its shares started trading on The Nasdaq Global Select Market under the ticker symbol “ITOS.” The Company received approximately $184.0 million in net proceeds after deducting underwriting discounts and commissions and other offering expenses paid by the Company. Upon closing of the IPO, all of the Company's outstanding shares of convertible preferred stock automatically converted into 22,460,076 shares of common stock.

On August 5, 2020, the underwriters purchased an additional 1,505,359 shares of common stock pursuant to their option to purchase additional shares for net proceeds of $26.6 million after deducting underwriting discounts and commissions.

Liquidity and capital resources

Since inception, the Company’s activities have consisted primarily of performing research and development to advance its product candidates. For the first time since inception, the Company has earned income during the current period, which equaled net income of $214.5 million for the year ended December 31, 2021. As of December 31, 2021, the Company had retained earnings of $140.6 million. As of March 23, 2022, the issuance date of the consolidated financial statements for the year ended December 31, 2021, the Company expects that its cash and cash equivalents would be sufficient to fund its operating expenses, capital expenditure requirements and debt service payments through at least 12 months from the issuance date of the consolidated financial statements.

The Company may seek additional funding in order to reach its development and commercialization objectives. The Company may not be able to obtain funding on acceptable terms, or at all, and the Company may not be able to enter into collaborations or other arrangements. The terms of any funding may adversely affect the holdings or the rights of the Company's stockholders. If the Company is unable to obtain funding, the Company could be forced to delay, reduce or eliminate some or all of its research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect its business prospects.

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to, uncertainty regarding results of clinical trials and reaching milestones, uncertainty of regulatory approval of the Company's current or future product candidates, uncertainty of market acceptance of the Company's product candidates, if approved, competition from substitute products and larger companies, securing and protecting proprietary technology, strategic relationships and dependence on key individuals and sole source suppliers. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing and regulatory approval prior to commercialization. These efforts require significant amounts of capital, adequate personnel and infrastructure and extensive compliance-reporting capabilities and may not ultimately lead to a marketing approval and commercialization of a product.

The Company's product candidates require approvals from the U.S. Food and Drug Administration (FDA) and comparable foreign regulatory agencies prior to commercial sales in their respective jurisdictions. There can be no assurance that any product candidates will receive the necessary approvals. If the Company was denied approval, approval was delayed or the Company was unable to maintain approval for any product candidate, it could have a materially adverse impact on the Company. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales. The Company will need to generate significant revenue to achieve sustained profitability, and it may never do so.

COVID-19

With the ongoing concern related to the COVID-19 pandemic during 2020 and 2021, the Company has maintained and expanded its business continuity plans to address and mitigate the impact of the COVID-19 pandemic on its business. In March 2020, to protect the health of its employees, and their families and communities, the Company restricted access to its offices to personnel who performed critical activities that must be completed on-site, limited the number of such personnel that could be present at its facilities at any one time, and requested that most of its employees work remotely. In May 2020, as certain states eased restrictions, the Company established new protocols to better allow its full laboratory staff access to the Company's facilities. These protocols included several shifts working over a seven-day-week protocol. With increased availability of vaccines and public health guidelines evolving to reflect their availability, we have shifted to a hybrid model for all our employees. We will continue to monitor and make adjustments in response to the public health environment, together with local, state and federal guidance regarding workplace protective measures. The Company expects to continue incurring additional costs to ensure it adheres to the best-practice safe hygiene guidelines issued by recognized health experts such as the U.S. Centers for Disease Control and Prevention (CDC), the European Center for Disease Prevention and Control (ECDC) and the World Health Organization (WHO), and to provide a safe working environment to its onsite employees.

The extent to which the ongoing COVID-19 pandemic impacts the Company's business, its corporate development objectives, results of operations and financial condition, and the value of and market for its common stock, will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate duration of the pandemic, the severity of COVID-19, the identification of additional variants of COVID-19, the availability and utilization of vaccines and treatments for COVID-19, or the effectiveness of actions taken globally to contain and address COVID-19, such as travel restrictions, quarantines, social distancing and business closure requirements, but particularly in the geographies where the Company, its third party manufacturers, contract research organizations (CROs) or current and planned clinical trial sites operate. Disruptions to the global economy, disruption of global healthcare systems, and other significant impacts of the COVID-19 pandemic could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects.

Basis of presentation

The consolidated financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

Note 2. Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include the Company's accounts and those of its wholly owned subsidiaries. All intercompany accounts, transactions and balances have been eliminated.

Use of estimates

The preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses, as well as the related disclosures of contingent assets and liabilities. The Company bases its estimates and assumptions on historical experiences, when available, and on various factors that it believes to be reasonable under the circumstances. The Company evaluates its estimates and assumptions on an ongoing basis. Actual results could differ materially from these estimates.

The full extent to which the COVID-19 pandemic will directly or indirectly impact the Company's business, results of operations and financial condition, including expenses, research and development costs and employee-related amounts, will depend on future developments that are highly uncertain, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain or treat COVID-19, as well as the economic impact on local, regional, national and international markets. The Company has considered the impact of COVID-19 on estimates within its financial statements and there may be changes to those estimates in future periods. As of the date of issuance of these consolidated financial statements, the Company has not experienced material business disruptions or incurred impairment losses in the carrying value of its assets as a result of the pandemic and is not aware of any specific related event or circumstance that would require it to update its estimates.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of standard checking accounts, money market accounts, and a sweep account that consists of money market funds with highly liquid investments with maturities of three months or less. Restricted cash represents collateral provided for letters of credit issued as security deposits in connection with the Company's leases of its corporate facilities.

Foreign currency, currency translation and comprehensive income (loss)

The reporting currency of the consolidated financial statements is the U.S. dollar (USD). The functional currency for iTeos Belgium is the euro and the functional currency for iTeos Inc., iTeos SC, and iTeos LLC is the USD.

Income items and expenses are translated at the average exchange rate in effect during the period. Unrealized translation gains and losses are recorded as a cumulative translation adjustment, which is included in the Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit) as a component of accumulated other comprehensive income (loss). Adjustments that arise from exchange rate changes on transactions denominated in a currency other than the local currency are included in Other income (expense), net in the Consolidated Statements of Operations and Comprehensive Income (Loss) as settled.

Comprehensive income (loss) is defined as a change in equity of a business enterprise during a period, resulting from transactions from non-owner sources. The Company had unrealized gains and losses from foreign currency translation of iTeos Belgium during the years ended December 31, 2021 and 2020, which meets the criteria as other comprehensive income (loss) and, therefore, the Company has reported comprehensive income (loss) and net income (loss).

Fair value measurements

Fair value accounting is applied for all financial assets and liabilities. The carrying amount of the Company's financial instruments, including grants receivable, R&D credits receivable—current, accounts payable, accrued expenses and other current liabilities approximate fair value due to the short-term duration of those instruments. The carrying amounts of long-term R&D credits receivable and grants repayable approximate fair value due to low local market interest rates.

FASB ASC Topic 820, *Fair Value Measurement and Disclosures* (ASC 820), established a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the financial instrument based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the financial instrument and are developed based on the best information available in the circumstances.

The accounting standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- Level 1—Quoted prices in active markets that are accessible at the market date for identical unrestricted assets or liabilities.
- Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs for which all significant inputs 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.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Financial instruments measured at fair value on a recurring basis include cash equivalents (money market funds) and preferred stock tranche rights liabilities prior to their settlement (Note 3).

The fair value of cash equivalents was determined based on Level 1 inputs as described in Note 3. The fair value of preferred stock tranche rights liabilities was determined based on Level 3 inputs as described in Note 3. An entity may elect to measure many financial instruments and certain other items at fair value at specified election dates. The Company did not elect to measure any additional financial instruments or other items at fair value.

There have been no changes to the valuation methods utilized by the Company during the years ended December 31, 2021 or 2020. The Company evaluates transfers between levels at the end of each reporting period. There were no transfers of financial instruments between levels during the years ended December 31, 2021 or 2020.

Concentration of credit risk

As of December 31, 2021 and 2020, the Company's cash and cash equivalents consisted primarily of cash balances held in U.S. dollars in money market funds and money market accounts and euro in accounts with European banks in excess of publicly insured limits. The Company does not believe it is subject to unusual credit risk associated with commercial banking relationships.

Research and development tax credits

iTeos Belgium is considered a biotech company in Belgium and therefore qualifies for a cash-based tax credit on research and development (R&D) expenses. The R&D tax credit is calculated based on a percentage of eligible R&D expenses defined by the Belgian government for each fiscal year (13.5% for 2021 and 2020) and then applying the effective tax rate to that result. Under current tax laws, the R&D tax credits are refundable if the Company is unable to use the credits to offset income taxes for the five subsequent tax years. The Company records a receivable and other income as the eligible R&D expenses are incurred, as it is reasonably assured that the R&D tax credit will be received, based upon its history of filing for the tax credits. R&D tax credits receivable where cash is expected to be received by the Company more than one year after the balance sheet date are classified as noncurrent in the consolidated balance sheets.

Property and equipment

Property and equipment, including leasehold improvements, are stated at cost and depreciated when placed into service using the straight-line method over the estimated useful lives as follows:

Asset	Estimated Useful Life
Computer equipment and software	3 years
Furniture, fixtures and other	5 years
Scientific equipment	5 – 6 years
Leasehold improvements	Shorter of useful life or term of lease

Upon retirement or sale, the cost and related accumulated depreciation are removed from the consolidated balance sheets and the resulting gain or loss is reflected in the consolidated statements of operations and comprehensive income (loss).

Impairment of long-lived assets

The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment charge would be recorded when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Impairment, if any, is assessed using discounted cash flows or other appropriate measures of fair value. As there were no indicators of impairment, the Company did not recognize any impairment charges for the years ended December 31, 2021 or 2020.

Deferred offering costs

The Company capitalizes incremental legal, professional accounting and other third-party fees that are directly associated with in-process preferred stock or common stock financings as other non-current assets until such financings are consummated. After consummation of the equity financing, these costs are recorded as a reduction to the carrying value of the related equity generated as a result of the offering. Should a planned equity financing be abandoned, the deferred offering costs will be expensed immediately as a charge to operating expenses in the consolidated statement of operations and comprehensive income (loss). After consummation of the IPO, which closed on July 28, 2020, these costs were all recorded in stockholders' equity (deficit) as a reduction of additional paid-in capital generated as a result of the offering.

Revenue recognition

The Company analyzes its collaboration arrangements to assess whether they are within the scope of Accounting Standards Codification ASC Topic 808, *Collaborative Arrangements (*ASC 808). If the Company concludes that some or all aspects of the arrangement are within the scope of ASC 808 and do not represent a transaction with a customer, the Company recognizes its allocation of the shared costs incurred with respect to the jointly conducted activities pursuant to ASC 730, *Research and Development*. As such, the Company will expense costs as incurred, including any reimbursements made, and recognize reimbursements received as a reduction of research and development expense. If the Company concludes that some or all aspects of the arrangement represent a transaction with a customer, the Company accounts for those aspects of the arrangement within the scope of ASC 606, *Revenue from Contracts with Customers* (ASC 606).

At inception, the Company determines whether contracts are within the scope of ASC 606 or other topics. For contracts that are determined to be within the scope of ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods and services. To achieve this core principle, the Company applies the following five steps (i) identify the contract with the customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when performance obligation is satisfied. The Company only applies the five-step model to contracts when it determines that collection of substantially all consideration for goods and services that are transferred is probable based on the customer's intent and ability to pay the promised consideration.

Performance obligations promised in a contract are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct and are distinct in the context of the contract. To the extent a contract includes multiple promised goods and services, the Company applies judgment to determine whether promised goods and services are both capable of being distinct and distinct in the context of the contract. If these criteria are not met, the promised goods and services are accounted for as a combined performance obligation.

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring goods and services to the customer. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method, depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in management's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Any estimates, including the effect of the constraint on variable consideration, are evaluated at each reporting period for any changes. Determining the transaction price requires significant judgment.

For arrangements that include sales-based royalties, including milestone payments based on levels of sales, if the license is deemed to be the predominant item to which the royalties relate, the Company recognizes revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied). To date, the Company has not recognized any royalty revenue resulting from any of its agreements.

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation on a relative standalone selling price basis unless the transaction price is variable and meets the criteria to be allocated entirely to a performance obligation or to a distinct service that forms part of a single performance obligation.

The Company satisfies performance obligations either over time or at a point in time. Revenue is recognized over time if either (i) the customer simultaneously receives and consumes the benefits provided by the entity's performance, (ii) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or (iii) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. If the entity does not satisfy a performance obligation over time, the related performance obligation is satisfied at a point in time by transferring the control of a promised good or service to a customer.

For licenses of intellectual property (IP), if the license to the Company's IP is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenues from consideration allocated to the license when the license is transferred to the customer and the customer can use and benefit from the licenses. For licenses that are combined with other promises, the Company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

At the inception of each arrangement that includes development or regulatory milestone payments, the Company evaluates the probability of reaching the milestones and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur in the future, the associated milestone value is included in the transaction price. Milestone payments that are not within the Company's control or the licensee's, such as regulatory approvals, are not considered probable of being achieved until those approvals are received and therefore revenue is constrained as management is unable to assert that a reversal of revenue would not be possible. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such development milestones and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenues and earnings in the period of adjustment. To date, the Company has not recognized any milestone revenue resulting from any of its agreements.

Deferred revenue arises from amounts received in advance of the transfer of control and is recognized as revenue in future periods as performance obligations are satisfied. Deferred revenue expected to be recognized within the next twelve months is classified as a current liability. Upfront payment contract liabilities resulting from the Company's license agreements do not represent a financing component as the payment is not financing the

transfer of goods or services, and the technology underlying the licenses granted reflects research and development expenses already incurred by the Company.

Contract costs

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the costs are expected to be recovered. The Company has elected the practical expedient in ASC 340, *Other Assets and Deferred Costs*, wherein it recognizes the incremental costs of obtaining a contract as an expense when incurred if, at inception, the expected amortization period of the asset that the Company otherwise would have recognized is one year or less.

Collaborative Arrangements

The Company analyzes its collaboration arrangements to assess whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and exposed to significant risks and rewards dependent on the commercial success of such activities and are, therefore within the scope of ASC Topic 808, *Collaborative Arrangements*. This assessment is performed throughout the life of the arrangement and takes into consideration changes in the responsibilities of all parties to the arrangement. Collaboration agreements may include reimbursements from and payments to parties due to the activities performed by either party. Any reimbursement from and payment to parties involved in a collaboration agreement are recorded as a reduction to research and development expense.

Research and development expenses

Research and development costs are expensed as incurred. Research and development expenses consist of personnel costs for the Company's research and product development employees, as well as non-personnel costs such as facilities and overhead costs attributable to research and development, and professional fees payable to third parties for preclinical and clinical studies and research services, clinical trial costs, laboratory supplies and equipment maintenance, and other consulting costs.

The Company estimates preclinical and clinical study and research expenses based on the services performed, pursuant to contracts with research institutions that conduct and manage preclinical and clinical studies and research services on its behalf. The Company estimates these expenses based on discussions with internal management personnel and external service providers as to the progress or stage of completion of services and the contracted fees to be paid for such services. If the actual timing of the performance of services or the level of effort varies from the original estimates, the Company will adjust the accrual accordingly. When third-party service providers' billing terms do not coincide with the Company's period-end, the Company is required to make estimates of its obligations to those third parties, including clinical trial and pharmaceutical development costs, contractual services costs and costs for supply of its drug candidates, incurred in a given accounting period and record accruals at the end of the period. The Company bases its estimates on its knowledge of the research and development programs, services performed for the period, history for related activities and the expected duration of the third-party service contract, where applicable. Payments associated with licensing agreements to acquire exclusive licenses to develop, use, manufacture and commercialize products that have not reached technological feasibility and do not have alternate commercial use are expensed as incurred. Payments made to third parties under these arrangements in advance of the performance of the related services by the third parties are recorded as prepaid expenses until the services are rendered.

Government grant funding and potential repayment commitments under recoverable cash advance grants (RCAs)

The Company has agreements with granting agencies whereby the Company receives funding under grants which partially or fully reimburse the Company for qualifying research and development expenditures. Certain grant agreements require the Company to repay the funding depending on whether the Company decides to pursue commercial development or out licensing of any drug candidate that is produced from the research program. The repayment provision includes a portion that is repayable in fixed annual installments (corresponding to 30% of the grant), which is effective unless the Company decides not to pursue commercial development or out licensing of the drug candidate. The repayment provision also includes a potential obligation to pay a royalty that is contingent upon achieving sales of a product developed through the program. The maximum amount repayable to the granting agency under each grant, including the fixed repayments, the royalty on revenue, and the interest thereon, is twice the amount of funding received.

Grant funding for research and development received under grant agreements where there is no obligation to repay is recognized as grant income in the period during which the related qualifying expenses are incurred, based on the applicable reimbursement percentage, provided that the grants are fully approved by the granting agencies and the conditions under which the grants were provided have been met.

Grant funding for research and development received under grant agreements where there is a repayment provision is recognized as grant income to the extent there is no potential obligation to repay this funding. The Company records the present value of the liability of the portion of funding relating to fixed repayment upon receipt in the consolidated balance sheets. The grant repayable is subsequently recorded at amortized cost.

The Company assesses whether there is an obligation to make a royalty payment based on the probability of successful completion of the research and development and future sales and commercial success of the drug candidate.

Grant funding that has been received by the Company in advance of incurring qualifying expenses is recorded as deferred income. Grant income recognized upon incurring qualifying expenses in advance of receipt of grant funding is recorded in the consolidated balance sheets as grants receivable.

Leases

On January 1, 2021, the Company adopted Accounting Standard Update, or ASU No. 2016-02 (Topic 842), Leases, or ASC 842. Under the standard, the Company accounts for leases using a right-of-use, or ROU, model, which recognizes that, at the date of commencement, a lessee has a financial obligation to make lease payments to the lessor for the right to use the underlying asset during the lease term. On the date of adoption, the Company recognized $0.9 million of right-to-use assets and lease liabilities in the consolidated balance sheet.

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement. Leases with a term greater than one year are recognized on the balance sheet as ROU assets and short-term and long-term lease liabilities, as applicable. The Company typically only includes an initial lease term deemed reasonable certain to occur. It also considers termination options and factors those into the determination of lease payments. Options to renew a lease are not included in the assessment unless there is reasonable certainty that the Company will renew.

Operating lease liabilities and their corresponding ROU assets are recorded based on the present value of lease payments over the expected remaining lease term. The interest rate implicit in lease contracts is typically not readily determinable. As a result, the Company utilizes its incremental borrowing rate, which reflects the fixed rate at which it could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company is required to pay fees for operating expenses in addition to monthly base rent for certain operating leases (nonlease components). The Company will elect the practical expedient, which allows non-lease components to be combined with lease components on an asset-by-asset class basis. For real estate asset class, the Company has not elected the practical expedient. Variable non-lease components are not included within the lease right-of-use asset and lease liability on the consolidated balance sheet, and instead are reflected as expense in the period they are paid.

Stock-based compensation

The Company accounts for stock-based compensation arrangements with employees in accordance with ASC 718, *Stock Compensation.* Stock-based awards granted are in the form of stock options. ASC 718 requires the recognition of stock-based compensation expense, using a fair value-based method, for costs related to all stock options granted. The Company's determination of the fair value of stock options with time-based vesting on the date of grant utilizes the Black-Scholes option-pricing model, and is impacted by the estimated fair value of its common stock as well as other variables including, but not limited to, the expected term that stock options will remain outstanding, the expected common stock price volatility over the term of the stock option, risk-free interest rates and expected dividends.

The fair value of stock options is recognized over the period during which an optionee is required to provide services in exchange for the stock option award, known as the requisite service period (usually the vesting period) on a straight-line basis. Stock-based compensation expense is recognized based on the fair value determined on the date of grant and is reduced for forfeitures as they occur. For stock options granted to recipients in Belgium,

option holders have a period of time (no longer than 30 days) to accept their awards. Accordingly, the grant date is determined based on the date of acceptance, as that is the point when a mutual understanding of the key terms of the awards are established.

The Black-Scholes option pricing model requires inputs based on certain subjective assumptions, including (i) the expected stock price volatility, (ii) the expected term of the award, (iii) the risk-free rate of interest, and (iv) expected dividends. Due to the lack of a public market for the Company's common stock prior to IPO and lack of company-specific historical implied volatility data, the Company has based its computations of expected volatility on the historical volatility of a representative group of public companies with similar characteristics of the Company, including stage of product development and life science industry focus. The historical volatility is calculated based on a period of time commensurate with the expected term assumption. The Company uses the simplified method as prescribed by the SEC Staff Accounting Bulletin No. 107, *Share-Based Payment*, to calculate the expected term for options granted to employees and non-employees, whereby, the expected term equals the arithmetic average of the vesting term and the original contractual term of the options due to its lack of sufficient historical data. The risk-free interest rate is based on U.S. Treasury securities with a maturity date commensurate with the expected term of the associated award. The expected dividend yield is assumed to be zero as the Company has never paid dividends and has no current plans to pay any dividends on its common stock.

The fair value of common stock is determined based on the quoted market price of the common stock. Due to the absence of an active market for the Company's common stock prior to IPO, the Company utilized methodologies in accordance with the framework of the American Institute of Certified Public Accountants Technical Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation, to estimate the fair value of its common stock. In determining the exercise prices for options granted, the Company has considered the estimated fair value of the common stock as of the measurement date. The estimated fair value of the common stock has been determined at each grant date prior to the IPO based upon a variety of factors, including the illiquid nature of the common stock, arm's-length sales of the Company's capital stock (including redeemable convertible preferred stock), the effect of the rights and preferences of the preferred shareholders, and the prospects of a liquidity event. Among other factors are the Company's financial position and historical financial performance, the status of technological developments within the Company's research, the composition and ability of the current research and management team, an evaluation or benchmark of the Company's competition, and the current business climate in the marketplace. Significant changes to the key assumptions underlying the factors used could result in different fair values of common stock at each valuation date.

The Company classifies stock-based compensation expense in its statement of operations and comprehensive income (loss) in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

Preferred stock

When preferred stock is considered either currently redeemable or probable of becoming redeemable, the Company has selected a policy of accreting the carrying value to the redemption amount over time. As the former Series B and B-2 Preferred Stock was considered probable of becoming redeemable solely due to the passage of time, and since the liquidation preference formula included 6% cumulative dividends, the Company was accreting the Series B and B-2 Preferred Stock to its estimated redemption amount based on the 6% annual dividend using the interest method until the IPO.

The Company determined that the rights granted to the investors of Series B Preferred Stock to purchase additional stock at the original issuance price in two subsequent closings were considered freestanding financial instruments and were accounted for as a liability under ASC 480. The preferred stock tranche rights were reported at fair value at inception with an allocation of the proceeds from the preferred stock issuance and were remeasured at fair value at each reporting date until settlement, with the changes in fair value included in the other income and expense section of the consolidated statements of operations and comprehensive income (loss).

Derivatives

Upon issuing financial instruments, the Company assesses the nature of the host contract and considers whether any of the features embedded within the financial instrument could be considered derivatives that require bifurcation. In determining whether the embedded features represent derivatives that could require bifurcation, the

Company assesses whether the economic characteristics of embedded features are not clearly and closely related to the economic characteristics of the remaining component of the financial instruments (i.e., the host contracts), whether the instrument is measured at fair value with changes in fair value reported in earnings as they occur and whether a separate, non-embedded instrument with the same terms as the embedded instruments would meet the definition of a derivative instrument. When it is determined that all of the criteria above are met, the embedded derivative is separated from the host contract and carried at fair value with any changes in fair value recorded in current period earnings.

Income taxes

The Company provides for income taxes under the asset and liability method. Current income tax expense or benefit represents the amount of income taxes expected to be payable or refundable for the current year. Deferred income tax assets and liabilities are determined based on differences between the financial statement reporting and tax bases of assets and liabilities and net operating loss and credit carryforwards, and are measured using the enacted tax rates and laws that will be in effect when such items are expected to reverse. Deferred income tax assets are reduced, as necessary, by a valuation allowance when management determines it is more likely than not that some or all of the tax benefits will not be realized.

The global intangible low-taxed income ("GILTI") provisions require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. The Company is electing to account for GILTI tax in the period in which it is incurred.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes.* The Company assesses all material positions taken in any income tax return, including all significant uncertain positions, in all tax years that are still subject to assessment or challenge by relevant taxing authorities. Assessing an uncertain tax position begins with the initial determination of the position’s sustainability and is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. As of each balance sheet date, unresolved uncertain tax positions must be reassessed, and the Company will determine whether (i) the factors underlying the sustainability assertion have changed and (ii) the amount of the recognized tax benefit is still appropriate. The recognition and measurement of tax benefits requires significant judgment. Judgments concerning the recognition and measurement of a tax benefit might change as new information becomes available.

The Company accounts for interest and penalties related to uncertain tax positions as part of its provision for income taxes.

Segment information

Operating segments are defined as components of an enterprise for which separate discrete financial information is available for evaluation by the chief operating decision maker (CODM) in deciding how to allocate resources and in assessing operating performance. The Company’s CODM is the Chief Executive Officer. The Company views its operations and manages its business in one operating segment, the business of developing cancer immunotherapies.

Net income (loss) per share attributable to common stockholders

Basic net income (loss) per share and diluted net income (loss) per share are computed using the weighted-average number of shares of common stock outstanding for the period. Net income (loss) per share attributable to common stockholders is calculated using the two-class method, which is an earnings allocation formula that determines net income (loss) per share for the holders of shares of the Company’s common stock and participating securities. The Company’s Series A-1 Preferred Stock, Series A-2 Preferred Stock and Series B and B-2 Preferred Stock contained participation rights in any dividend paid by the Company as well as residuals in liquidation and were deemed to be participating securities prior to the IPO. The participating securities did not include a contractual obligation to share in losses of the Company and were not included in the calculation of net loss per share in the periods in which a net loss was recorded.

Except where the result would be antidilutive to net income (loss), diluted net income (loss) per share is computed assuming the exercise of common stock options.

Recently issued accounting standards and updates not yet effective

In June 2016 the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This standard requires that credit losses be reported using an expected losses model rather than the incurred losses model that is currently used, and establishes additional disclosures related to credit risks. For available-for-sale debt securities with unrealized losses, this standard now requires allowances to be recorded instead of reducing the amortized cost of the investment. This standard will be effective for the Company on January 1, 2023. The Company is currently evaluating the potential impact that this standard may have on its consolidated financial position and results of operations.

Note 3. Fair value measurements

Certain of the Company's assets and liabilities are recorded at fair value, as described below.

The following tables set forth the Company's financial instruments that were measured at fair value on a recurring basis by level within the fair value hierarchy:

	December 31, 2021			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash equivalents (money market funds)	$ 797,448	$ —	$ —	$ 797,448
Totals	$ 797,448	$ —	$ —	$ 797,448

	December 31, 2020			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash equivalents (money market funds)	$ 314,636	$ —	$ —	$ 314,636
Totals	$ 314,636	$ —	$ —	$ 314,636

Cash equivalents consist of money market funds, which are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in an active market.

The fair value of the Series B Preferred Stock tranche rights liability was estimated using a probability-weighted present value of the benefit of investment with the following significant unobservable inputs (Level 3):

	March 23, 2020 (Tranche 3 settlement)
Implied equity value (in millions)	$ 208.2
Probability of success of reaching necessary milestone:	
Tranche 2 milestone	N/A
Tranche 3 milestone (by March 31, 2020)	90 %
Expected industry return over period during which milestones are expected to be achieved	13.0 %
Risk-free interest rate	1.1 %

During the periods presented, the Company has not changed the manner in which it values assets and liabilities that are measured at fair value. The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period. There were no transfers within the hierarchy during the years ended December 31, 2021 and 2020.

The following table presents changes during the year ended December 31, 2020 in Level 3 liabilities measured at fair value on a recurring basis:

(in thousands)	Preferred Stock Tranche Rights Liability
Balances at January 1, 2020	$ 5,400
Change in estimated fair value	(1,265)
Settlement of tranche right	(4,135)
Balances at December 31, 2020	$ —

The preferred stock tranche rights liability was settled on March 24, 2020 and no liability exists thereafter.

There were no Level 3 measurements used during the year ended December 31, 2021.

The above fair value measurements are sensitive to changes in the underlying unobservable inputs. A change in those inputs could result in a significantly higher or lower fair value measurement.

Note 4. Consolidated balance sheet components

Property and equipment

Property and equipment, net consisted of the following:

	December 31,	
(in thousands)	2021	2020
Scientific equipment	$ 2,970	$ 2,617
Furniture & office equipment	1,002	542
Leasehold improvements	1,071	855
Total	5,043	4,014
Accumulated depreciation and amortization	(2,971)	(2,662)
Property & equipment, net	$ 2,072	$ 1,352

Depreciation and amortization expense was $0.6 million and $0.5 million for the years ended December 31, 2021 and 2020, respectively.

Accrued expenses and other current liabilities

Accrued liabilities consisted of the following:

	December 31,	
(in thousands)	2021	2020
Accrued clinical trial costs	$ 12,991	$ 4,012
Accrued personnel costs	3,884	3,208
Accrued professional fees	25	37
Accrued other	257	229
Total accrued expenses and other current liabilities	$ 17,157	$ 7,486

Note 5. License and collaboration agreements

Adimab

In January 2017, the Company entered into a collaboration agreement (as amended, the Adimab Agreement) with Adimab, LLC (Adimab). Adimab has developed an antibody discovery and optimization technology platform. This collaboration enables the Company's research and development efforts on discovery and optimization of new antibodies against immuno-oncology targets the Company may identify.

Under the terms of the Adimab Agreement, Adimab has granted the Company a worldwide, non-exclusive research license for a one-year research term period and evaluation period for up to 18 months per research program. The Company is required to use commercially reasonable efforts to perform its research activities under the Adimab Agreement and, if the Company exercises its right to obtain a development and commercialization license, the Company is required to use commercially reasonable efforts to pursue development and commercialization of a product directed to the applicable target. Under the terms of the Adimab Agreement, the Company granted Adimab a worldwide, non-exclusive license under all of its patents and know-how that are reasonably necessary or useful for Adimab to perform its research activities under the Adimab Agreement.

In February 2021, the Company entered into an amendment to the Adimab Agreement (the Amended Adimab Agreement). The Amended Adimab Agreement specifies different milestone payments for new products that are derived from research programs beginning after February 22, 2021 (the New Products). For New Products, on a per target basis, the Company may be required to pay development, regulatory and commercial milestone

payments totaling up to an aggregate of $45.8 million for the first three products and additional milestone payments up to $14.5 million for each additional product.

The Company will pay Adimab low to mid single-digit percentage royalties on a country-by-country and product-by-product basis, on worldwide net product sales of licensed products. Royalties are payable on a licensed product-by-licensed product and country-by-country basis until the later of (i) expiration of the last valid claim of a licensed patent right that covers such licensed product in such country, and (ii) ten years following the first commercial sale of such licensed product in such country.

Through December 31, 2021, the Company has paid a total of $3.4 million to Adimab under the Adimab Agreement. In 2020, the Company made a payment of $1.0 million due to reaching an additional milestone (dosing of first patient for Phase 1 clinical trial). As of the date of these consolidated financial statements, the Company has not pursued any additional targets under the Adimab agreement that could potentially result in such milestone payments.

Adimab controls the filing, prosecution, maintenance and enforcement of the intellectual property that it licenses to the Company under the Adimab Agreement. The Company has the right to enforce such licensed intellectual property against infringement if the infringement is competitive with the Company's licensed products and Adimab does not pursue enforcement. The Company controls the filing, prosecution, maintenance and enforcement of the intellectual property the Company licenses to Adimab under the Adimab Agreement and all program antibody patents.

The term of the Adimab Agreement will continue until the last to expire royalty term on a product-by-product and country-by-country basis if the Company exercises its option, or in the event no option is exercised, the conclusion of the last-to-expire evaluation term, unless terminated earlier by either party. Each party has the right to terminate the Adimab Agreement due to the other party's uncured material breach or the Company's abandonment of the product.

GlaxoSmithKline (GSK)

Summary of Agreement

On June 11, 2021, the Company's wholly owned subsidiary, iTeos Belgium S.A., and GSK executed a Collaboration and License Agreement, or the GSK Collaboration Agreement, pursuant to which the Company agreed to grant GSK a license under certain of the Company's intellectual property rights to develop, manufacture, and commercialize products comprised of or containing the Company's antibody product, EOS-448. Under the GSK Collaboration Agreement, GSK agreed to make an upfront nonrefundable payment of $625.0 million to the Company within 10 business days of the date on which the GSK Collaboration Agreement became effective, which occurred on July 26, 2021. Additionally, the Company is eligible to receive up to $1.45 billion in milestone payments, contingent upon the EOS-448 program achieving certain development and commercial milestones. Within the collaboration, GSK and the Company agree to share responsibility and costs for the global development of EOS-448 beyond the Phase 1 study (the "Global Development Plan") and will jointly commercialize and equally split profits in the United States. Outside of the United States, GSK will receive an exclusive license for commercialization, and the Company is eligible to receive tiered double digit royalty payments up to 20% during a customary royalty term.

Collaboration

The Company concluded that the GSK Collaboration Agreement is under the scope of ASC 808 as both parties will actively participate in a joint operating activity and are exposed to significant risks and rewards that depend on the activity's commercial success. ASC 808 provides that certain transactions between collaborative arrangement participants should be accounted for as revenue under ASC 606 when the collaborative arrangement participant is a customer in the context of a unit of account. In those situations, all of the guidance in ASC 606 should be applied, including recognition, measurement, presentation, and disclosure requirements related to such unit of account. The unit-of-account guidance in ASC 808, which aligns with the guidance in ASC 606 (that is, a distinct good or service) is used when an entity is assessing whether the collaborative arrangement or a part of the arrangement is within the scope of ASC 606.

The Company determined that the co-development in Phases 2 and 3 and the co-commercialization efforts of the GSK Collaboration Agreement represent joint operating activities in which both parties are active participants and of which both parties are exposed to significant risks and rewards that are dependent on the success of the activities. Accordingly, the Company is accounting for these activities in accordance with ASC No. 808, *Collaborative Arrangements* (ASC 808). Additionally, the Company has determined that in the context of these activities, GSK does not represent a customer as contemplated by ASC 606-10-15, *Revenue from Contracts with Customers – Scope and Scope Exceptions*. As a result, these activities will be accounted for as a component of the related expense in the period incurred.

GSK is responsible for 60% of the costs related to the Global Development Plan. During the year ended December 31, 2021, the Company expensed approximately $11.5 million of costs related to the cost-sharing provisions of the GSK Collaboration Agreement, of which approximately $4.8 million are reimbursable by GSK and recorded as a reduction to research and development expense during the year ended December 31, 2021. As of December 31, 2021, $3.0 million of the reimbursable expenses have not been collected and are included in the prepaid and other current assets in the consolidated balance sheet. The Company and GSK have collectively agreed to spend an aggregate of $900.0 million on the Global Development Plan.

Revenue Recognition

The Company also evaluated the elements of the GSK Collaboration Agreement in accordance with the provisions of ASC 606 and concluded that the contract counterparty, GSK, is a customer. The Company's arrangement with GSK contains the following material promises under the contract at inception: (i) transfer of the license under certain of the Company's intellectual property related to EOS-448, (ii) completion of the Phase 1 clinical study related to EOS-448, (iii) transfer of "Know How" under the EOS-448 intellectual property, and (iv) manufacturing until the "Know How" transfer is complete. The Company evaluated the above material promises under ASC 606 and determined that it has one combined performance obligation.

The transaction price totaling $625.0 million was comprised of the upfront license payment. As of December 31, 2021, no development or regulatory milestones have been assessed as probable of being reached and thus have been fully constrained. As part of its evaluation of the constraint, the Company considered numerous factors, including that receipt of the milestones is outside the control of the Company and contingent upon success in future clinical trials and the licensee's efforts. Any consideration related to sales-based milestones will be recognized when the related sales occur as they were determined to relate predominantly to the license granted to GSK and therefore have also been excluded from the transaction price. The Company is applying the royalty exception for sales-based royalties and will not recognize revenue until the subsequent sale of product occurs.

The transaction price is being recognized as revenue over time as the costs to complete the Phase 1 study, perform interim clinical supply manufacturing, and perform the know-how transfer are incurred. This is expected to be completed by end of 2022. Revenue is recognized using a percent complete method based on costs incurred compared with the total expected costs to be incurred (cost to cost measure of progress). There are no outputs from the performance obligation. As a result, an input method was appropriate. A cost to cost measure of progress provides a faithful depiction of the transfer of services to the customer since the predominant inputs to the performance obligation are labor costs, research and development supplies and manufacturing supplies related to the Phase 1 Study, clinical manufacturing and know-how transfer.

During the year ended December 31, 2021, the Company recognized revenue totaling approximately $344.8 million with respect to the GSK Collaboration Agreement. The revenue is classified as license and collaboration revenue in the accompanying consolidated statements of operations. As of December 31, 2021, there was approximately $280.2 million of deferred revenue related to the GSK Collaboration Agreement of which all was classified as current deferred revenue in the accompanying consolidated balance sheet based on the performance period of the underlying obligations.

Contract Costs

The Company incurred approximately $6.8 million of capitalizable costs to obtain the contact. The Company utilized the practical expedient in ASC 340 and recognized such costs immediately in 2021 as the Company expected to complete its performance obligations under the GSK Collaboration Agreement in less than 12 months.

Contract Assets and Liabilities

The following table presents changes in the Company's GSK contract assets and liabilities during the year ended December 31, 2021:

Year Ended December 31, 2021 (in thousands)	Balance at Beginning of Year	Additions	Deductions	Balance at Year End
Contract liabilities				
Deferred revenue	$ —	$ 625,000	$ (344,775)	$ 280,225

MSD International GmbH

On December 10, 2019, the Company entered into a Clinical Trial Collaboration and Supply Agreement (the MSD Agreement) with MSD International GmbH (MSD), a subsidiary of Merck & Co., Inc. Under the MSD Agreement,

the Company will sponsor a clinical trial in which both the Company's compound and MSD's compound will be dosed in combination. The Company will conduct the research at its own cost and MSD will contribute its compound towards the study at no cost to the Company. The parties will equally own the clinical data and inventions from the study, with the exception of inventions relating solely to each party's compound class. The MSD Agreement will expire upon the delivery of a written report on the results of the study, unless earlier terminated or agreed by the parties.

The Company began receiving compounds from MSD on April 1, 2020 and the Company began the research study in the third quarter of 2020. The terms of the MSD Agreement meet the criteria under ASC 808, as both parties are active participants in the activity and are exposed to the risks and rewards dependent on the commercial success of the activity. ASC 808 does not provide guidance on how to account for the activities under the collaboration, and the Company determined that neither party met the definition of a customer under ASC 606, *Revenue from Contracts with Customers*. Accordingly, the Company considered other guidance to determine the accounting for the respective elements of the arrangement. The Company accounted for the collaboration activities by analogy to ASC Topic 845, *Nonmonetary Transactions*, and recognized nonmonetary income with an offsetting entry to expense for amounts received from MSD within research and development expense in the consolidated statement of operations and comprehensive income (loss).

Note 6. Government grant funding and potential repayment commitments under recoverable cash advance grants (RCAs)

The Company has been awarded grants from a federal region of Belgium (the Walloon Region), and the European Union (collectively, the granting agencies) to fund research and development activities. The grants reimburse a percentage (55-100%) of actual qualifying expenditures. The Company periodically submits proof of qualifying expenditures to the granting agencies for approval and reimbursement. To date, the Company received funding under several grants which included no obligation to repay and two grants that include potential obligations to repay (RCAs).

As the granting agencies do not meet the definition of a customer under Topic 606, qualifying grants receipts are recognized as grant income within other income in the consolidated statements of operations and comprehensive income (loss). Grant income recognized under all of the grants for research and development activities totaled approximately $10.2 million and $5.6 million for the years ended December 31, 2021 and 2020, respectively.

Grants which do not include an obligation to repay

As of December 31, 2021, the total amount that the granting agencies have agreed to fund in the future if the Company incurs qualifying research and development expenses under these grants is $1.5 million.

Grants which include a potential obligation to repay—RCAs

On July 20, 2017, the Company entered into an arrangement whereby the Walloon Region will provide the Company with up to $21.4 million for a research and development program to perform clinical validation of an A_{2A} receptor antagonist drug candidate for immune-oncology (RCA-1).

On December 3, 2019, the Company entered into another recoverable cash advance grant with the Walloon Region (RCA-2) for up to $4.9 million to be received to fund a research and development program conducted to develop a TIGIT blocking antibody with anti-tumor properties.

Under the terms of both agreements, the Company must decide within 6 months after the end of the research period whether it will further pursue commercial development or out licensing of the drug candidate. The research period for RCA-1 ended in December 2021. The Company negotiated an extension on the research period for RCA-2 with the Walloon Region. The original research period for RCA-2 ended February 2021, and was extended to March 2022. The Company must repay 30% of the amount received under the grant by annual installments from 2023 to 2042 (the fixed annual repayments) unless the Company decides not to pursue commercial development or out licensing of the drug candidate, applies for a waiver from the Walloon Region justifying its decision based upon the failure of the program, and returns the intellectual property to the Walloon Region. Because of the requirement to repay 30% of the amounts received under the grant, the Company records the present value of such amounts as grants repayable on the consolidated balance sheets.

In addition, in the event that the Company receives revenue from products or services related to the results of the research, it has to pay to the Walloon Region a 0.33% royalty on revenue resulting from RCA-1 and a 0.15%

royalty on revenue resulting from RCA-2 (increased from 0.12% effective December 2021). The maximum amount payable to the Walloon Region under each grant, including the fixed annual repayments, the royalty on revenue, and the interest thereon, is twice the amount of funding received.

The Company assessed whether there is an obligation to make a royalty payment based on the probability of successful completion of the research and development and future sales and commercial success of the drug candidate. For the RCA-1, no grant repayable related to royalties was recorded as of December 30, 2021 or December 31, 2020. For the RCA-2, the Company recorded a royalty accrual of $0.9 million as of December 31, 2021, due to the upfront payment from the GSK Collaboration Agreement. The royalty accrual is included in the accrued expenses and other current liabilities in the consolidated balance sheet. No grant repayable related to royalties was recorded as of December 31, 2020 for the RCA-2.

The Company recorded grant income in the consolidated statement of operations and comprehensive income (loss) for the years ended December 31, 2021 and 2020 for amounts of grants received from the Walloon Region in the period during which the related qualifying expenses were incurred, net of any grants repayable recorded in the consolidated balance sheets.

The Company recorded receivables on the consolidated balance sheets related to amounts the Walloon Region owes the Company based on qualifying expenses incurred by the Company. The Company recorded deferred income in the consolidated balance sheets for amounts received from the Walloon Region in advance of incurring qualifying expenses.

The following table reflects activity for grant programs for the years ended December 31, 2021 and 2020 and end of year balances as of December 31, 2021 and December 31, 2020:

	RCA -1		RCA-2		Other Grants		Total	
(In thousands)	2021	2020	2021	2020	2021	2020	2021	2020
Cash received	$ 1,990	$ 11,944	$ 585	2,479	$ 592	$ 2,630	$ 3,167	$ 17,053
Grant income recognized	4,113	3,913	1,286	1,290	4,782	444	10,181	5,647
Grants receivable	1,832	—	1,097	—	1,093	133	4,022	133
Grants repayable	5,278	5,102	886	781	—	—	6,164	5,883

Note 7. Stockholders' equity

Upon closing of the IPO, all of the Company's outstanding shares of redeemable convertible preferred stock automatically converted into 22,460,076 shares of common stock. As of December 31, 2021 and 2020, there were no shares of redeemable convertible preferred stock issued and outstanding.

On July 28, 2020, in connection with the IPO, the Company filed a restated Certificate of Incorporation, which, among other things, restated the number of shares of all classes of stock that the Company has authority to issue to 160,000,000 shares, of which (i) 150,000,000 shares shall be a class designated as common stock, par value $0.001 per share, and (ii) 10,000,000 shares shall be a class designated as undesignated preferred stock, par value $0.001 per share. Each share of common stock entitles the holders to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are not entitled to receive dividends, unless declared by the board of directors.

Note 8. Stock-based compensation

General

The Board of Directors, at its sole discretion, shall determine the exercise price. Stock options expire 7 to 10 years from the date of grant. The stock options generally vest 25% upon the one-year anniversary of the service inception date and then ratably each month over the remaining 36 months. Upon termination of service, any unvested stock options are automatically returned to Company. Vested stock options that are not exercised within the specified period, according to the terms and conditions of the option plan, following the termination as an

employee, consultant, or service provider to the Company are surrendered back to the Company. Those stock options are added back to the pool and made available for future grants.

2019 Stock Option and Grant Plan

The Company's 2019 Stock Option and Grant Plan (the 2019 Plan) provided for the Company to grant stock options and other stock-based awards to employees and non-employees to purchase the Company's common stock. Total authorized options under the 2019 Stock Option and Grant Plan is 3,464,316. Upon the effectiveness of the 2020 Plan (as defined below), no further issuances will be made under the 2019 Plan.

On July 15, 2020, the Company's Board of Directors approved an amendment to stock options outstanding under the 2019 Stock Option and Grant Plan to provide for immediate 100% vesting for all outstanding options under the plan upon the consummation of a Sale Event, as defined by the amendment.

2020 Stock Option and Incentive Plan

The 2020 Stock Option and Incentive Plan (the 2020 Plan) was approved by the Company's board of directors on July 15, 2020, and the Company's stockholders on July 20, 2020 and became effective on July 22, 2020, the date immediately prior to the date on which the registration statement for the Company's IPO became effective. The 2020 Plan provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock units, restricted stock awards, unrestricted stock awards, cash-based awards and dividend equivalent rights to the Company's officers, employees, directors and consultants. The number of shares of common stock reserved for issuance as of December 31, 2021 under the 2020 Plan was 5,562,055 and will be increased each January 1 by 5% of the number of shares of the Company's common stock outstanding on the immediately preceding December 31 or such lesser number of shares as determined by the Company's compensation committee of the board of directors. Accordingly, on January 1, 2022, the number of shares of common stock reserved and available for issuance under the 2020 Plan increased by 1,773,300. The 2020 Plan replaced the 2019 Plan, as the Company's board of directors is not expected to make additional awards under the 2019 Plan following the completion of the IPO. However, the 2019 Plan will continue to govern outstanding equity awards granted thereunder.

Employee Stock Purchase Plan

The 2020 Employee Stock Purchase Plan (the 2020 ESPP) was approved by the Company's board of directors on July 15, 2020, and the Company's stockholders on July 20, 2020, and became effective on July 22, 2020, the date immediately prior to the date on which the registration statement for the Company's IPO was declared effective. The number of shares of common stock reserved for issuance as of December 31, 2021 under the 2020 ESPP was 667,931. The ESPP provides that the number of shares reserved and available for issuance will automatically increase each January 1 thereafter by the lesser of 634,969 shares of common stock, 1% of the outstanding number of shares of common stock on the immediately preceding December 31, or such lesser number of shares as determined by the Company's compensation committee. There was no increase to the number of shares of common stock reserved and available for issuance under the 2020 ESPP on January 1, 2022. As of December 31, 2021, no shares had been issued under the 2020 ESPP.

Stock-Based Compensation Expense

The following table summarizes stock option activity for the year ended December 31, 2021:

	Stock Options			
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (In thousands)
Outstanding as of December 31, 2020	4,552,396	$ 9.13	8.2	
Granted	1,104,666	33.39		
Forfeited	(28,031)	27.02		
Exercised	(421,947)	6.98		
Outstanding as of December 31, 2021	5,207,084	$ 14.35	7.7	$ 167,709
Vested and expected to vest as of December 31, 2021	5,207,084	$ 14.35	7.7	$ 167,709
Exercisable at December 31, 2021	2,045,416	$ 8.06	6.2	$ 78,747

The following table summarizes stock-based compensation expense, and also the allocation within the consolidated statements of operations and comprehensive income (loss):

	Year Ended December 31,	
(in thousands)	2021	2020
Research and development	$ 1,906	$ 425
General and administrative	11,888	3,867
Total stock-based compensation expense	$ 13,794	$ 4,292

The weighted-average grant-date fair value of options awarded during the year ended December 31, 2021 and 2020 was approximately $27.46 per share and $7.75 per share, respectively. The aggregate intrinsic value of stock options exercised during the years ended December 31, 2021 and 2020 was $11.0 million and $3.1 million, respectively. The aggregate grant date fair value of stock options vested during the years ended December 31, 2021 and 2020 were $10.7 million and $0.8 million, respectively. As of December 31, 2021, there was a total of $38.1 million of unrecognized employee compensation costs related to non-vested stock option awards expected to be recognized over a weighted average period of 2.8 years.

The Company estimates the fair value of stock-based compensation utilizing the Black-Scholes option pricing model, which is dependent upon several variables, such as expected term, volatility, risk-free interest rate, and expected dividends. Each of these inputs is subjective and generally requires significant judgment to determine.

The following table summarizes the range of key assumptions used to determine the fair value of stock options granted during:

	Year Ended December 31,	
	2021	2020
Risk-free interest rate	0.42% - 1.27%	0.36% - 1.35%
Expected term (in years)	6	5 - 6
Expected volatility	92% - 100%	90% - 102%
Expected dividend yield	0%	0%
Estimated fair value of common stock	$20.54 - $46.68	$2.95 - $33.12

Note 9. Income taxes

For financial reporting purposes, income (loss) before income tax expense (benefit) for the years ended December 31, 2021 and 2020 consisted of the following:

(in thousands)	2021	2020
Domestic	$ (47,242)	$ (31,184)
Foreign	303,706	(6,906)
Income (loss) before income tax expense (benefit)	$ 256,464	$ (38,090)

The Company's worldwide effective tax rate for the years ended December 31, 2021 and 2020 was 16.4% and 0.2%, respectively. The reconciliation of the statutory U.S. federal income tax rate (21%) to the effective income tax rate is as follows:

	2021	2020
U.S. statutory federal income tax rate	21.0%	21.0%
State income taxes	(0.5)	4.8
Foreign tax differential	4.7	0.8
Non-deductible/non-taxable permanent differences	0.1	3.4
Innovation income deduction tax exemption	(28.2)	—
Net GILTI Inclusion Income	15.2	—
Change in local tax rate	—	(8.6)
Unrecognized tax benefits	6.6	—
Other	(1.1)	0.9
Change in valuation allowance	(1.4)	(22.1)
Effective income tax rate	16.4%	0.2%

The components of income tax expense (benefit) for the years ended December 31, 2021 and 2020 consisted of the following:

(in thousands)	2021	2020
Current		
Domestic	$ 41,535	$ (60)
Foreign	408	3
Deferred	—	—
Total income tax expense (benefit)	$ 41,943	$ (57)

Deferred income taxes reflected the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and operating losses and tax credit carryforwards. The significant components of the Company's deferred tax assets and liabilities are comprised of the following:

	December 31,	
(in thousands)	2021	2020
Deferred tax assets :		
Net operating loss carryforward	$ 17,097	$ 25,206
Foreign research and development expenses	7,884	6,219
Stock-based compensation	1,784	758
Operating lease liabilities	1,374	—
Accrued bonus	390	—
Other	17	313
Total deferred tax assets	28,546	32,496
Valuation allowance	(26,647)	(32,029)
Deferred tax assets, net of valuation allowance	1,899	467
Deferred tax liabilities:		
Operating lease right of use assets	(1,371)	—
Prepaid expenses	(497)	(445)
Depreciation and amortization	(31)	(22)
Total deferred tax liabilities	(1,899)	(467)
Deferred tax assets and liabilities, net of valuation allowance	$ —	$ —

The Company has evaluated the positive and negative evidence bearing upon its ability to realize its deferred tax assets. Management has considered the Company's history of losses in prior years, the nature of the Company's deferred tax assets, and the timing, likelihood and amount, if any, of future taxable income during the periods in which those temporary differences and carryforwards become deductible and has concluded that it is more likely

than not that the company will not realize the benefits of the deferred tax assets. Accordingly, a full valuation will be maintained on the net deferred tax assets until there is sufficient evidence to support the reversal of some portion of these allowances. The valuation allowance decreased $5.4 million during the year ended December 31, 2021 primarily due to the utilization of federal net operating loss ("NOL") carryforwards in the U.S., which was partially offset by an increase in cumulative temporary differences related to stock based compensation and foreign research and development expenses.

The Tax Cuts and Jobs Act, or TCJA, which was enacted in December 2017, will generally allow federal losses generated after 2017 to be carried over indefinitely, but will generally limit the NOL deduction to the lesser of the NOL carryover or 80% of a corporation's taxable income (subject to Section 382 of the Internal Revenue Code of 1986, as amended). In addition, there will be no carryback for losses generated after 2017. Losses generated prior to 2018 will generally be deductible to the extent of the lesser of a corporation's NOL carryover or 100% of a corporation's taxable income and be available for twenty years from the period the loss was generated. The Company does not have any NOLs generated prior to 2018. The Coronavirus Aid, Relief and Economic Security ("CARES") Act temporarily allows the Company to carryback NOLs arising in 2018, 2019 and 2020 to the five prior tax years. In addition, NOLs generated in these years could fully offset prior year taxable income without the 80% of the taxable income limitation under the TCJA which was enacted on December 22, 2017. The Company filed a U.S. NOL carryback claim to carryback a portion of its U.S. 2020 NOL to offset income generated in the tax years ended December 31, 2018 and 2019, which resulted in a minimal tax refund of less than $0.1 million.

As of December 31, 2021, the Company has Belgium net operating loss carryforwards for Belgian federal income tax purposes of approximately $56.3 million, that can be carried forward indefinitely.

As of December 31, 2021, the Company has fully utilized its U.S. federal NOL carryforwards and has $52.0 million of state NOL carryforwards, which may be available to offset future state income tax liabilities. They expire at various dates through 2041. As of December 31, 2021, the Company has de minimis U.S. federal and state tax credit carryforwards available to reduce future tax labilities, which expire at various dates through 2041 and 2036, respectively.

Utilization of net operating loss and research and development credit carryforwards may be subject to a substantial annual limitation under Section 382 and Section 383 of the Internal Revenue Code of 1986, as amended, due to ownership changes that have occurred previously or that could occur in the future. These ownership changes may limit the amount of net operating losses that can be utilized annually to offset future taxable income. The Company has completed several financings since its inception, which may result in a change of control as defined in Section 382 or could result in a change in control in the future. The Company has not yet completed a study to assess whether a change of ownership has occurred, or whether there have been multiple ownership changes since its formation. Any limitation may result in expiration of a portion of the net operating loss carryforwards or research and development credit carryforwards before utilization.

The Company has not, as of yet, conducted a study of research and development credit carryforward in the U.S. Such a study, once undertaken by the Company, may result in an adjustment to the Company's U.S. research and development credit carryforward. A full valuation allowance has been provided against the U.S. research and development credit carryforward and, if an adjustment is required, this adjustment would be offset by an adjustment to the valuation allowance. Thus, there would be no impact to the Company's balance sheet or statement of operations if an adjustment is required.

The Company files income tax returns in the U.S., Indiana, New Hampshire, Massachusetts and Belgium. The Company is subject to U.S. federal, state and Belgium tax examinations by tax authorities for years 2018 through present. To the extent that the Company has tax attribute carryforwards, the tax years in which the attributes were generated may still be adjusted upon examination by the Internal Revenue Service, state or foreign tax authorities to the extent utilized in a future period.

Unrecognized tax benefits were $17.0 million and zero as of December 31, 2021 and 2020, respectively. iTeos Belgium is currently under examination by taxing authorities in that country. Their latest assessment of $0.4 million of additional taxes owed has been included in income tax expense in the 2021 statement of operations and other comprehensive income (loss).

There was no accrual for uncertain tax positions or for interest and penalties related to uncertain tax positions for 2020. The changes to the unrecognized tax benefits during the year ended December 31, 2021 were as follows:

(in thousands)	
Balance at December 31, 2020	$ —
Increase related to current year tax positions	17,000
Balance at December 31, 2021	$ 17,000

Note 10. Commitments and contingencies

Purchase commitments

The Company has contractual arrangements with research and development organizations and suppliers; however, these contracts are generally cancelable on 30-60 days' notice and the obligations under these contracts are largely based on services performed. The Company may also enter into contracts in the normal course of business with clinical research organizations for clinical trials, with contract manufacturing organizations for clinical supplies and with other vendors for preclinical studies, supplies and other services and products for operating purposes. These contracts generally provide for termination on notice. As of December 31, 2021 and 2020, there were no amounts accrued related to termination charges.

The Company has entered into a Biologics Master Services Agreement with WuXi Biologics (Hong Kong) Limited (WuXi) herein referred to as the WuXi Agreement. The WuXi Agreement includes the terms and conditions under which WuXi will coordinate the Company's biologics development and manufacturing services. Pursuant to the WuXi Agreement, the Company may be required to pay WuXi a royalty percentage or a one-time milestone payment on global net sales of third-party manufactured products at the Company's election. The royalty or one-time milestone payment is only payable if the Company does not use WuXi as the manufacturer in part, or in totality. As of December 31, 2021 and 2020, there are no minimum commitments under the WuXi Agreement. Additionally, as of December 31, 2021 and 2020 there are no royalties or milestones payable.

Leases

The Company's operating leases are as follows:

- An April 2016 lease for 1,577 square meters of office and laboratory space in Gosselies, Belgium, which commenced in May 2016 and terminated in December 2021. In January 2021, the Company entered into an amendment to extend the lease, effective February 2021 with a termination date of January 2030, and increase the office and laboratory space by 201 square meters. In October 2021, the Company entered into an amendment to increase the office and laboratory space by 453 square meters.
- A December 2018 lease for 2,479 square feet of office space in Cambridge, Massachusetts, which commenced in May 2019 and terminates in May 2022. The lease is subject to fixed-rate rent escalations.
- A November 2021 lease for 9,068 square feet of office space in Watertown, Massachusetts, which commenced in November 2021 and terminates in February 2027. The lease is subject to fixed-rate rent escalations.
- Various car leases that the Company enters into from time to time. The life of each car lease ranges from 48 to 60 months.

The Company identified and assessed the following estimates in recognizing the operating lease right of use assets and corresponding liabilities.

Expected lease term: The expected lease term includes non-cancelable lease periods and, when applicable, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option, as well as periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

Incremental borrowing rate: As the discount rates in the Company's lease are not implicit, management estimated the incremental borrowing rate based on the rate of interest the Company would have to pay to borrow a similar amount on a collateralized basis over a similar term.

Lease and non-lease components: The Company is required to pay fees for operating expenses in addition to monthly base rent for certain operating leases (non-lease components). The Company has not elected the practical expedient which allows non-lease components to be combined with lease components for all asset classes. Variable non-lease components are not included within the lease right-of-use asset and lease liability on the consolidated balance sheet, and instead are reflected as expense in the period they are paid.

Rent expense was $0.7 million and $0.6 million for the year ended December 31, 2021 and 2020, respectively.

The following table summarizes lease terms and discount rate:

	December 31, 2021
Weighted-average remaining lease term (years)	5.9
Weighted-average discount rate	4.76%

The following table summarizes the cash flow and other information:

(in thousands)	Year ended December 31, 2021
Operating lease liabilities arising from obtaining right-of-use assets (non-cash)	$ 5,877
Operating cash flows used in operating leases	$ 767

As of December 31, 2021, the Company had the following future minimum lease payments under non-cancelable operating leases for the future years thereafter (in thousands):

Year ending December 31:	
2022	$ 920
2023	1,001
2024	997
2025	990
2026	917
Thereafter	1,418
Total Lease Payments	6,243
Less: Interest	(902)
Total Lease Liability	$ 5,341
Lease liabilities - current	$ 770
Lease liabilities, net of current portion	$ 4,571

In March 2019, the Company provided a letter of credit for approximately $57,000 to secure its obligation under its lease in Cambridge, Massachusetts. In November 2021, the Company provided a letter of credit for approximately $142,000 to secure its obligation under its lease in Watertown, Massachusetts. The Company maintains that amount of cash on hand (restricted) to fund any necessary draws on the letter of credit. In addition, as of December 31, 2021 and 2020, the Company has approximately $99,000 and $71,000 on hand serving as a guarantee for its lease obligation in Belgium. These amounts have been classified as restricted cash in the consolidated balance sheets as of December 31, 2021 and 2020.

Note 11. Employee benefit plan

iTeos Belgium sponsors a defined contribution insurance plan (the Plan) for its employees. In the first quarter of each year, iTeos Belgium pays an annual premium to the insurance company which corresponds to 5% of employees' gross salaries. Interest accrues each year into a pool for each employee and when they retire, they collect the total in their accounts. The Company contributed approximately $254,000 and $167,000 to the Plan for the years ended December 31, 2021 and 2020, respectively.

iTeos Inc. has a 401(k) defined contribution plan (the 401(k) Plan) for its U.S. employees. The 401(k) plan provides for voluntary tax-deferred salary deductions for all employees of up to 100% of their annual compensation, as limited by an annual maximum amount as determined by the Internal Revenue Service. The Company may match employee contributions in amounts to be determined at the Company's sole discretion. The Company contributed approximately $82,000 and $28,000 to the 401(k) Plan for the years ended December 31, 2021 and 2020, respectively.

Note 12. Related party transactions

On June 11, 2018, the Company entered into a Royalty Transfer Agreement with the charitable foundations of two of its investors (MPM Oncology Charitable Foundation, Inc. and UBS Optimus Foundation), which requires it to pay a royalty equal to 1% of its net product sales on any product developed or owned by iTeos Therapeutics, Inc. or iTeos Belgium S.A., each year within 120 days following each year end. Such agreement was entered into as a result of the capital contributions received from the investors. As the Company had no product sales in 2021 and 2020, no royalties were owed to these charitable foundations as of December 31, 2021 and 2020.

Note 13. Net income (loss) per share attributable to common stockholders

The Company grants certain stock options under the 2019 and 2020 Stock Option Plans as these are considered common stock equivalents. For the year ending December 31, 2020, the common stock equivalents were excluded from the calculation of net income (loss) per share due to their anti-dilutive effect. For the year ending December 31, 2021, the common stock equivalents were included to calculate weighted-average diluted shares outstanding. The Company used the treasury stock method.

The following table summarizes the impact of the treasury stock method:

Net income (loss) per shares **(in thousands, except per share amounts)**	**December 31,** **2021**	**2020**
Numerator		
Net income (loss) attributable to common stockholders	$ 214,521	$ (43,402)
Denominator		
Weighted-average shares used to compute net income (loss) per share, basic	35,181,383	15,080,266
Effect of dilutive securities (a)	(2,593,407)	-
Weighted-average shares used to compute net income (loss) per share, diluted	37,774,790	15,080,266
Net income (loss) per share:		
Basic	$ 6.10	$ (2.88)
Diluted	$ 5.68	$ (2.88)

(a) The common stock equivalents, which equaled 4,552,396 stock options outstanding as of December 31, 2020, were excluded for the year ending December 31, 2020, due to their anti-dilutive effect.

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "**Lease**") is made as of this _8___ day of __November____, 2021, between **ARE-MA REGION NO. 75, LLC**, a Delaware limited liability company ("**Landlord**"), and **ITEOS THERAPEUTICS, INC.**, a Delaware corporation ("**Tenant**").

Building: The specific building in the Project located at 321 Arsenal Street, Watertown, Massachusetts 02472 (also known as Building 312), in which the Premises are located.

Premises: That portion of the Project consisting of the entire leasable area on the third (3rd) floor of the Building commonly known as Suite 301 and containing approximately 9,068 rentable square feet, as determined by Landlord, as shown on **Exhibit A**, subject to adjustment from time to time in accordance with Sections 5 and 45(o) hereof.

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**.

Rentable Area of Premises: 9,068 sq. ft., subject to adjustment from time to time in accordance with Sections 5 and 45(o) hereof.

Rentable Area of Building: 64,858 sq. ft., subject to adjustment from time to time in accordance with Sections 5 and 45(o) hereof.

Rentable Area of Project: 834,782 sq. ft., subject to adjustment from time to time in accordance with Sections 5 and 45(o) hereof.

Building's Share of Project: 7.77%, subject to adjustment from time to time in accordance with Sections 5 and 45(o) hereof.

Tenant's Share of Operating Expenses: 13.98%, subject to adjustment from time to time in accordance with Sections 5 and 45(o) hereof.

Base Rent: $35,516.33 per month, subject to adjustment pursuant to Section 4 hereof.

Rent Adjustment Percentage: Three percent (3%)

Rent Commencement Date: Ninety (90) days following the Commencement Date

Security Deposit: Letter of Credit in the amount of $142,065.33

Target Commencement Date: November 12, 2021, subject to the provisions of Section 2 below.

Base Term: Beginning on the Commencement Date and ending 63 months from the first day of the first full month of the Term (as defined in Section 2) hereof.

Permitted Use: General office use in compliance with the provisions of Section 7 hereof.

Address for Rent Payment: Landlord's Notice Address:

ARE-MA Region No. 75, LLC c/o Alexandria Real Estate Equities, Inc.
JP Morgan Chase 26 North Euclid Avenue
P.O. Box 975383 Pasadena, CA 91101

Dallas, TX 75397-5383 Attention: Corporate Secretary

Tenant's Notice Address:

Before the Commencement Date:

139 Main Street
Cambridge, Massachusetts 02142
Attention: Matthew Gall, CFO

After the Commencement Date:

The Premises
Attention: Matthew Gall, CFO

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 - ACKNOWLEDGEMENT OF COMMENCEMENT DATE
EXHIBIT E - RULES AND REGULATIONS
EXHIBIT F - REMOVABLE INSTALLATIONS
EXHIBIT G - IDENTIFICATION OF ACM & PACM

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 which from time to time are for the non-exclusive use of Tenant and one or more other tenants of the Project or other third parties 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, as may exist from time to time, for their intended uses, and the Common Areas shall include, without limitation, to the extent the same exist from time to time and are generally available to all tenants: (a) the common hallways and lobbies providing access to the Premises, (b) the common loading areas located in and serving the Building, and (c) the common plenums, risers, shafts, stacks, pipes, conduits, wires, ducts, electrical closets, janitorial closets and telephone rooms located in the Building from time to time and serving the Premises in common with other tenants. The Common Areas include, without limitation, the various amenities, amenities facilities, and buildings or other improvements containing the same located in, on or otherwise serving the Project, if any, as may exist from time to time and be available for use by Tenant and one or more other tenants of the Project or other third parties ("**Amenities**"). Amenities may include, by way of example, things such as business centers, conference centers, restaurants, or gyms and other athletic facilities. It is understood that Landlord may contract with or arrange for affiliates or third parties to provide Amenities rather than providing the same itself. In either case, the cost thereof will be included in Operating Expenses (or paid by Tenant to such affiliates or third parties). Notwithstanding anything contained in this Lease to the contrary and for the avoidance of doubt, however, Landlord has no obligation to provide, and if provided has no obligation to continue to provide, any Amenities or other Common Areas, other than reasonable access to the Premises and any parking required by the terms of this Lease to be available to Tenant. Tenant shall have access to the Premises twenty-four (24) hours per day during the Term of this Lease, except in the case of emergencies or Force Majeure, as the result of governmental action or Legal Requirements, the performance by Landlord of any installation, maintenance or repairs, or other work, any other temporary interruptions, and otherwise subject to the terms

of this Lease. Landlord shall use commercially reasonable efforts to the extent practicable to minimize any periods in which Tenant is prevented access.

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, with Landlord's Work Substantially Completed ("**Delivery**" or "**Deliver**"); provided, however, that the Target Commencement Date may be extended by Landlord up to 90 days in the event that Landlord experiences delays in Landlord's or other's performance of redevelopment activities to the Project ("**Redevelopment Delays**"). 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. If Landlord does not Deliver the Premises within 120 days of the Target Commencement Date for any reason other than Force Majeure (as defined in Section 34 below) delays, Redevelopment Delays, and Tenant Delays, Tenant shall be entitled to a day for day abatement of Base Rent for each day for the period from and after the 121st day (or such later date after giving effect to Force Majeure delays, Redevelopment Delays, and Tenant Delays) until the earlier of the date that Landlord Delivers the Premises or 180 days after the Target Commencement Date. If Landlord does not Deliver the Premises within 180 days of the Target Commencement Date for any reason other than Force Majeure delays, Redevelopment Delays, and Tenant Delays, this Lease may be terminated by Tenant by written notice to Landlord, and if so terminated by Tenant: (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), and any prepaid Base Rent 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 that expressly survive termination of this Lease. As used herein, the terms "**Landlord's Work**," "**Tenant Delays**" and "**Substantially Completed**" shall have the meanings set forth for such terms in the Work Letter. If Tenant does not elect to void this Lease within 5 business days of the lapse of such 180-day period, such right to void this Lease shall be waived and this Lease shall remain in full force and effect. Notwithstanding anything to the contrary contained herein and for the avoidance of any doubt, the termination rights provided for in this paragraph shall terminate on the Commencement Date.

The "**Commencement Date**" shall be the earliest of: (i) the date Landlord Delivers the Premises to Tenant (provided in no event may Landlord Deliver the Premises to Tenant prior to November 1, 2021, except with Tenant's written consent in its sole discretion); (ii) the date Landlord could have Delivered the Premises but for Tenant Delays; and (iii) the date Tenant conducts any business in the Premises or any part thereof. 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 above on the first page of this Lease, and (if timely and properly exercised) the Extension Term that Tenant may elect pursuant to Section 40 hereof.

Subject to the provisions of the Work Letter, Landlord shall permit Tenant access to the Premises at such times set forth in the Work Letter prior to the Commencement Date for Tenant's installation and setup of furniture, fixtures and equipment ("**FF&E Installation**") and telephone and data wiring, provided that such FF&E Installation and telephone and data wiring are coordinated with Landlord, and Tenant complies with this Lease and all other reasonable restrictions and conditions Landlord may impose. All such access shall be during normal business hours. 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 (as defined in Section 5) or utility charges (unless such utility charges during Tenant's early access are materially in excess of the utility charges incurred by

Landlord during the construction of Landlord's Work prior to such early access, as reasonably determined by Landlord, in which case, Tenant shall promptly reimburse Landlord for such excess costs.

Except as set forth in the next paragraph or the Work Letter: (i) Tenant shall accept the Premises in their condition as of the Commencement Date; (ii) Landlord shall have no obligation for any defects in the Premises; and (iii) Tenant's taking possession of the Premises shall be conclusive evidence that Tenant accepts the Premises and that the Premises were in good condition at the time possession was taken. Any occupancy of the Premises by Tenant before the Commencement Date shall be subject to all of the terms and conditions of this Lease, including the obligation to pay Rent.

For the period of 60 consecutive days after the Commencement Date, Landlord shall, at its sole cost and expense (which shall not constitute an Operating Expense), be responsible for any repairs that are required to be made to the Building Systems (as defined in Section 13), 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 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 or the Project, and/or the suitability of the Premises or the Project for the conduct of Tenant's business, and Tenant waives any implied warranty that the Premises 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 which 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**. The first month's Base Rent (i.e., the Base Rent due for the first full month following the Rent Commencement Date) and the Security Deposit shall be due and payable on delivery of an executed copy of this Lease to Landlord. Commencing on the Rent Commencement Date, 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, in lawful money of the United States of America, at the office of Landlord for payment of Rent set forth above, or to such other person or at such other place as Landlord may from time to time designate in writing. Payments of Base Rent for any fractional calendar month shall be prorated. 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.

(b) **Additional Rent**. In addition to Base Rent, Tenant agrees to pay to Landlord as additional rent ("**Additional Rent**"): (i) commencing on the Rent Commencement Date, Tenant's Share of Operating Expenses and (ii) commencing on the Commencement Date, 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 default of Tenant or 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.

4. **Base Rent Adjustments**. The monthly Base Rent rate shall be increased on each annual anniversary of the Rent Commencement Date (each an "**Adjustment Date**") by multiplying the monthly Base Rent payable immediately before such Adjustment Date by the Rent Adjustment Percentage and adding the resulting amount to such monthly Base Rent payable immediately before such Adjustment Date. The monthly Base Rent, as so adjusted, shall thereafter be due as provided herein.

5. **Operating Expense Payments**. 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. Upon and following the Rent Commencement Date, during each month of the Term, on the same date that Base Rent is due, Tenant shall pay Landlord an amount equal to 1/12th of Tenant's Share of Operating Expenses of the Annual Estimate. Payments for any fractional calendar month shall be prorated.

The term "**Operating Expenses**" means: (A) all costs and expenses of any kind or description whatsoever incurred or accrued each calendar year by Landlord with respect to the Building, including, without duplication, Taxes (as defined in Section 9), certain Utilities (as defined in Section 11), capital repairs, improvements and replacements amortized over the lesser of 10 years and the useful life of such capital items (provided the capital repair, improvement or replacement is (i) intended to reduce Operating Expenses or to satisfy Landlord's repair and maintenance obligations or (ii) required by law or other regulation (or interpretation thereof) first imposed after the date of this Lease), the costs of Landlord's third-party property manager, administrative rent in the amount of 3% of the then-applicable Base Rent, and the cost of upgrades to the Building or enhanced services provided at the Building that are intended to encourage social distancing (also referred to as physical distancing), promote and protect health and physical well-being, and/or prevent or limit the spread or transmission of communicable diseases and/or viruses of any kind or nature, including, without limitation, COVID-19 (collectively, "**Infectious Conditions**"), and (B) the Building's Share of Project of all costs and expenses of any kind or description whatsoever incurred or accrued each calendar year by Landlord with respect to the Project (other than those costs and expenses specific to the Building or any other building not containing Amenities), including, without duplication, costs and expenses related to the creation, development, use, ownership, operation, management, maintenance, and repair of the Amenities and other Common Areas (including for the avoidance of doubt, payment or reimbursement by Landlord to affiliates of Landlord or third parties for market rent paid by such affiliates or third parties to Landlord for Amenity space and reduced rent or other concessions or subsidies provided to restaurants or others providing Amenities), Taxes, capital repairs, improvements and replacements amortized over the lesser of 10 years and the useful life of such capital items(subject to the same limitations on capital repairs, improvements and replacements stated above), and the cost of upgrades to the Project or enhanced services provided at the Project that are intended to encourage social distancing (also referred to as physical distancing), promote and protect health and physical well-being, and/or prevent or limit the spread or transmission of Infectious Conditions. The only Amenities for which a separate use fee may be charged to Tenant in addition to inclusion of the costs and expenses thereof in Operating Expenses are related to the use of any conference facility or fitness center (if a conference facility or fitness center is created and available). Landlord or its affiliates or third party provider may charge standard rates for usage of any conference facilities and services thereto. No membership fee will be charged for any fitness facility Amenity arranged by Landlord (or for basic offerings normally included in a membership fee), but Landlord or its affiliates or third party provider may charge a separate fee for additional services, if available, such as personal trainers or wellness clinics. Operating Expenses shall exclude only:

(i) the original construction costs of the Project and renovation prior to the date of this Lease and costs of correcting defects in such original construction or renovation, and construction costs of any expansion or redevelopment of the Project after the date of this Lease;

(ii) capital expenditures except as set forth above;

(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 improvements, the cost of which are includable in Operating Expenses to the extent set forth in this Section 5);

(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) costs of 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) 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;

(xi) 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;

(xii) 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);

(xiii) 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;

(xiv) 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;

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

(xvi) costs in connection with services (including electricity), items or other benefits of a type which are not standard for 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;

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

(xviii) net income taxes of Landlord or the owner of any interest in the Project, franchise, capital stock, capital levy, gift, estate or inheritance taxes or any federal, state or local documentary taxes imposed against the Project or any portion thereof or interest therein;

(xix) lease payments for rental equipment (other than equipment for which depreciation is properly charged as an expense) that would constitute a capital expenditure not permitted above if the equipment was purchased);

(xx) costs or expenses otherwise includable in Operating Expenses to the extent actually reimbursed by insurance policies required to be maintained by Landlord in accordance with Section 17;

(xxi) contingency or replacement reserves with respect to any anticipated Operating Expenses;

(xxii) other than those incurred in ordinary maintenance and repair, costs for sculptures, paintings or other objects of art or the display of such item;

(xxiii) costs of repairs or other work occasioned by fire or windstorm to the extent actually recovered by Landlord through insurance or condemnation proceeds; and

(xxiv) any costs incurred to remove or remediate the presence of Hazardous Materials (as defined in Section 30) in or about the Building or the Project prior to the date of this Lease or for which another tenant is responsible.

"**Tenant's Share of Operating Expenses**" shall be the percentage set forth on the first page of this Lease as Tenant's Share of Operating Expenses as reasonably adjusted by Landlord from time to time following changes to or remeasurement of the Premises, the Building or other buildings within the Project occurring from time to time. Any such remeasurement of a building within the Project shall be performed by Landlord in accordance with the Standard Method for Measuring Floor Area in Office Buildings as adopted by the Building Owners and Managers Association International (ANSI/BOMA Z65.1-2017), as customarily modified by Landlord for laboratory properties in the Cambridge/Watertown market, which includes, for the avoidance of doubt, a portion of the floor area for the Acid Neutralization System (as defined below) within the rentable square footage of the Premises. Landlord may equitably increase Tenant's Share of Operating Expenses for any item of expense or cost reimbursable by Tenant that relates to a repair, replacement, or service that benefits only the Premises or only a portion of the Project that includes the Premises or that varies with occupancy or use. 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**."

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 (an "**Annual Statement**") showing in reasonable detail: (a) the total of actual Operating Expenses and resulting Tenant's Share of Operating Expenses for the previous calendar year, and (b) the total of Tenant's payments in respect of Operating Expenses for such year. If the actual Tenant's Share of Operating Expenses for such year exceeds Tenant's payments of Operating Expenses for such year, the excess shall be due and payable by Tenant to Landlord as Rent within 30 days after delivery of such Annual Statement to Tenant. If, however, Tenant's payments of Operating Expenses for such year exceed the actual Tenant's Share of Operating Expenses for such year, 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. The Annual Statement shall be final and binding upon Tenant unless Tenant, within 60 days after Tenant's receipt thereof, 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 nationally or regionally recognized independent public accounting firm selected by Tenant, working pursuant to a fee arrangement other than a contingent fee (at Tenant's sole cost and expense, except as otherwise provided in this paragraph) and approved by Landlord (which approval shall not be unreasonably withheld or delayed) (the **"Independent Accountant"**), audit and/or review (the "**Independent Review**") of the Expense Information for the year in question. 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 7%, then Landlord shall reimburse Tenant for all costs incurred by Tenant for the Independent Review. 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 Project is not at least 95% occupied (based on rentable square footage) on average during any year of the Term, any component of Operating Expenses that varies based upon occupancy for such year shall be computed as though the Project had been 95% occupied (based on rentable square footage) on average during such year.

6. **Security Deposit**. Tenant shall deposit with Landlord, upon delivery of an executed copy of this Lease to Landlord, a security deposit (the "**Security Deposit**") for the performance of all of Tenant's obligations hereunder in the amount set forth on page 1 of this Lease, 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 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 satisfactory to Landlord (Landlord acknowledging that Silicon Valley Bank is an approved issuer), and (v) redeemable by presentation of a sight draft in the state of Landlord's choice. If Tenant does not provide Landlord with a substitute Letter of Credit complying with all of the requirements hereof at least 10 days before the stated expiration date of any then current Letter of Credit, 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. Any cash proceeds of the Letter of Credit following a draw by the Landlord (the "**Cash Proceeds**") are property of the Landlord, and Tenant shall have no right in the Security Deposit or the Letter of Credit other than the right to a return of the Letter of Credit when both this Lease has terminated and Tenant's obligations under this Lease have been completely fulfilled as set forth herein.

The Security Deposit and the Letter of Credit and Cash Proceeds shall be held by Landlord without obligation for interest thereon as security for the performance of all of Tenant's obligations under this Lease. The Security Deposit and the Letter of Credit and the Cash Proceeds are not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Upon each occurrence of Default (as defined in Section 20), Landlord may use and apply all or part of the Security Deposit and the Letter of Credit and the Cash Proceeds, without notice to or any action by Tenant or any other person or entity, to pay delinquent payments due under this Lease, 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. Upon such use or application, Tenant shall have no right whatsoever to any amount so used or applied. Landlord's right to use and apply the Security Deposit and the Letter of Credit and the Cash Proceeds under this Section 6 includes the right to use and apply the Security Deposit and the Letter of Credit and the Cash Proceeds to

pay future rent damages following the termination of this Lease pursuant to Section 21(c) below. Upon any use or application of all or any portion of the Security Deposit and the Letter of Credit or the Cash Proceeds, Tenant on demand shall pay Landlord the amount, or provide Landlord a replacement Letter of Credit meeting the foregoing criteria, that will restore the Security Deposit to its original amount. Upon bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit and the Letter of Credit and the Cash Proceeds shall be deemed to be applied first to the obligations of Tenant arising for periods prior to the filing of such proceedings. Tenant hereby waives the provisions of any law, now or hereafter in force, 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. The Security Deposit and the Letter of Credit and the Cash Proceeds, after deducting therefrom all amounts to which Landlord has used or applied in accordance with this Lease, or 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. For the avoidance of doubt, no portion of the Security Deposit and the Letter of Credit and the Cash Proceeds shall be returned to Tenant until both this Lease has terminated and Tenant's obligations under this Lease have been completely fulfilled as set forth herein.

If Landlord transfers its interest in the Project or this Lease, Landlord shall either, at Landlord's election in its sole discretion, (a) transfer any Security Deposit and the Letter of Credit and the Cash Proceeds then held by Landlord to a person or entity assuming Landlord's obligations under this Section 6 after deducting therefrom all amounts to which Landlord has used or applied in accordance with this Lease, or to which Landlord is entitled under the provisions of this Lease, or (b) return to Tenant any Security Deposit and the Letter of Credit and the Cash Proceeds then held by Landlord and remaining after the deductions permitted herein. Upon such transfer to such transferee or the return of the Security Deposit and the Letter of Credit and the Cash Proceeds to Tenant, Landlord shall have no further obligation with respect to the Security Deposit and the Letter of Credit and the Cash Proceeds, and, in the event of a transfer, Tenant's right to the return of the Security Deposit and the Letter of Credit and the Cash Proceeds shall apply solely against Landlord's transferee.

7. **Use**. The Premises shall be used solely for the Permitted Use set forth in the basic lease provisions on page 1 of this Lease, and in compliance with all laws, orders, judgments, ordinances, regulations, codes, directives, permits, licenses, covenants, requirements and restrictions now or hereafter applicable to the Premises, and to the use and occupancy thereof (collectively, "**Legal Requirements**" and each, a "**Legal Requirement**"), including, without limitation, (i) the Americans With Disabilities Act, 42 U.S.C. § 12101, *et seq.* (together with the regulations promulgated pursuant thereto, "**ADA**"), and (ii) all restrictions, requirements and provisions set forth in the record documents identified in Section 44 and/or imposed by Governmental Authorities (as defined in Section 9) having jurisdiction, including, without limitation, those related to the historical significance of, and historical activity on, the Project. Tenant shall, upon 5 days' written notice from Landlord, discontinue any use of the Premises which is declared by any Governmental Authority 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 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 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 or otherwise caused by Tenant's use and/or occupancy of the Premises. 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, including conducting or giving notice of any auction, liquidation, or going out of business sale on the Premises, or

using or allowing 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 weighing 500 pounds or more 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. Except as may be provided under the Work Letter, Tenant shall not, without the prior written consent of Landlord, use the Premises in any manner which 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 of Operating Expenses as usually furnished for the Permitted Use.

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 to reasonably cooperate with Landlord, and to provide such information and/or documentation as Landlord may reasonably request, in connection therewith. Tenant shall have no responsibility for costs or expenses incurred by Landlord to initially obtain standards or certifications, but Tenant hereby acknowledges that Landlord's costs or expenses incurred to maintain any obtained standards or certifications shall be included as part of Operating Expenses.

8. **Holding Over**. If, with Landlord's express written consent, Tenant retains possession of the Premises after the termination of the Term, (i) unless otherwise agreed in such written consent, such possession shall be subject to immediate termination by Landlord at any time, (ii) all of the other terms and provisions of this Lease (including, without limitation, the adjustment of Base Rent pursuant to Section 4 hereof) shall remain in full force and effect (excluding any expansion or renewal option or other similar right or option) during such holdover period, (iii) Tenant shall continue to pay Base Rent in the amount payable upon the date of the expiration or earlier termination of this Lease or such other amount as Landlord may indicate, in Landlord's sole and absolute discretion, in such written consent, and (iv) all other payments shall continue under the terms of this Lease. 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, including the obligation to pay 100% of all Additional Rent due under this Lease, except that the monthly Base Rent shall be equal to 150% of the Base Rent in effect during the last 30 days of the Term, and (B) Tenant shall be responsible for all damages suffered by Landlord resulting from or occasioned by Tenant's holding over, including 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**. Except as set forth below in this Section 9, 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: (i) 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 (ii) based on the square footage, assessed value or other measure or evaluation of any kind of the Premises or the Project, or (iii) assessed or imposed by or on the operation or maintenance of any portion of the Premises or the Project, including parking, or (iv) assessed or imposed by, or at the direction of, or resulting from Legal Requirements, or interpretations thereof, promulgated by any Governmental Authority, or (v) imposed as a license or other fee, charge, tax, or assessment on Landlord's business or occupation of leasing space in the Project. Notwithstanding the foregoing, any special

assessments to be included within the definition of "Taxes" shall be limited to the amount of the installment (plus any interest thereon) of such special tax or special assessment (which shall be payable over the longest period permitted by law) required to be paid during the tax year in respect of which such taxes are being determined. Landlord may contest by appropriate legal proceedings the amount, validity, or application of any Taxes or liens securing Taxes. Taxes shall not include any net income taxes imposed on Landlord except to the extent such net income taxes are in substitution for any Taxes payable hereunder. If any such Tax is 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 made after the Commencement Date, whether owned by Landlord or Tenant and whether or not 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 immediately upon demand.

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 (including, without limitation Landlord's rights set forth in Section 45(o)), Tenant shall have the right to park, at a rate of 2 cars per 1,000 rentable square feet of the Premises, in those areas of the Project designated by Landlord for non-reserved parking, subject to Landlord's rules and regulations. Such parking shall be on a first-come-first-served, non-exclusive basis. Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties, including other tenants of the Project. Landlord reserves the right, but not the obligation, to dictate specific locations of the Project that Tenant is permitted to use for its parking rights under this Section 10. Subject to temporary interruptions or relocations in connection with Landlord's exercise of its rights pursuant to Section 45(o), Tenant's non-exclusive parking shall be located no farther away from the Premises than the boundary of what constitutes the Project as of the date of this Lease. If, at any time during the Term, the Project is subject to a transportation demand management plan ("**TDMP**") setting forth requirements related to parking at the Project, Tenant (at its sole cost and expense) shall comply with such TDMP. As of the date hereof, the Project is subject to that certain Transportation Demand Management Program dated June 2021 (as amended from time to time, the "**Existing TDMP**"). Tenant shall, at Tenant's sole cost and expense, for as long as the Existing TDMP remains applicable to the Project, comply with the Existing TDMP as applicable to the Project, including without limitation,: (i) offer a subsidized transportation benefit to all employees in accordance with the terms of the Existing TDMP; (ii) offer a subsidy to a bike share service to all employees in accordance with the terms of the Existing TDMP; (iii) implement a Commuter Choice Program and the MBTA's "Perq for Work" program (formerly known as the Corporate Pass Plan); (iv) discourage single-occupant vehicle ("**SOV**") use by its employees; (v) promote alternative modes of transportation and use of alternative work hours; (vi) at Landlord's request, meet with Landlord and/or its representatives to discuss transportation programs and initiatives; (vii) participate in annual surveys, monitoring transportation programs and initiatives at the Project; (viii) cooperate with Landlord in connection with transportation programs and initiatives promulgated pursuant to the Existing TDMP; (ix) provide alternative work programs (such as telecommuting, flex-time and compressed work weeks) to its employees in order to reduce traffic impacts in Watertown during peak commuter hours; (x) offer an emergency ride home ("**ERH**") through the Transportation Demand Management Coordinator and Watertown Transportation Management Association (as defined in the Existing TDMP), or have its own ERH program, for all employees who commute by non-SOV mode at least 3 days a week; and (xi) otherwise cooperate with Landlord in encouraging employees to seek alternate modes of transportation.

11. **Utilities, Services**.

(a) **Utilities, Janitorial Services**. Landlord shall provide, subject to the terms of this Section 11, (i) facilities for hot and cold water, electricity, heat, light, sewer, and other utilities (including fire sprinklers to the extent the Project is plumbed for such services) (collectively, "**Utilities**") and (ii) refuse and trash collection and janitorial services for the Common Areas and, at Landlord's election, the Premises (collectively, "**Janitorial Services**"). Landlord shall pay (except as otherwise expressly set forth herein), subject to Tenant's reimbursement obligation or inclusion of such costs as Operating Expenses, 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, as well as the cost for Janitorial Services. Landlord may cause, at Tenant's expense, any Utilities to be separately metered or charged directly to Tenant by the provider. Tenant shall pay directly to the Utility provider, prior to delinquency, any separately metered Utilities and services which may be furnished to Tenant or the Premises during the Term. Landlord may cause, at Tenant's expense, the Janitorial Services to be separately charged or charged directly to Tenant by the provider, in which case, Tenant shall pay directly to the Janitorial Services provider, prior to delinquency, any separately charged Janitorial Services. Tenant shall pay, as part of Operating Expenses, its share of all charges for jointly metered Utilities based upon consumption and all charges for Janitorial Services that are not separately charged, as reasonably determined by Landlord. No interruption or failure of Utilities or Janitorial Services, from any cause whatsoever other than Landlord's willful misconduct, shall result in eviction or constructive eviction of Tenant, termination of this Lease or the abatement of Rent. Tenant agrees to limit use of water and sewer with respect to Common Areas to normal restroom use. To the extent such services are not provided by Landlord, Tenant shall be responsible for obtaining and paying for its own janitorial services for the Premises. Utilities shall be available to the Premises 24 hours per day, 7 days per week, except in the case of emergencies, as the result of Legal Requirements, the failure of any Utility provider to provide such Utilities, the performance by Landlord or any Utility provider of any installation, maintenance or repairs, or any other temporary interruptions.

(b) **Service Interruptions**. Notwithstanding anything to the contrary set forth herein, if (i) a stoppage of an Essential 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 an Essential 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, to the extent that such Service Interruption is covered by rental interruption insurance carried by Landlord pursuant to this Lease, 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 "**Essential Services**" shall mean the following services: 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.

(c) **Usage Data**. Tenant agrees to provide Landlord with access to Tenant's water and/or energy usage data on a monthly basis, either by providing Tenant's applicable utility login credentials to Landlord's designated online portal, or by another delivery method reasonably agreed to by Landlord and Tenant. The costs and expenses incurred by Landlord in connection with receiving and analyzing such water and/or 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**. 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 ("**Alterations**") shall be subject to Landlord's prior written consent, which may be given or withheld in Landlord's sole discretion. If Landlord approves any Alterations, Landlord may impose such conditions on Tenant in connection with the commencement, performance and completion of such Alterations as Landlord may deem appropriate in Landlord's sole and absolute discretion. Any request for approval 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 contractors, subcontractors, or others 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 insurance requirements and with applicable Legal Requirements and shall implement at its sole cost and expense any alteration or modification required by applicable Legal Requirements as a result of any Alterations. Tenant shall pay to Landlord, as Additional Rent, on demand, the reasonable out-of-pocket costs incurred by Landlord with respect to each Alteration. 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.

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, and shall provide (and cause each contractor or subcontractor to provide) certificates of insurance for workers' compensation and other coverage, including commercial general liability insurance, in amounts and from an insurance company satisfactory to Landlord to protect Landlord against liability for personal injury or property damage during construction and shall include Landlord as an additional insured thereunder. 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.

Except for Removable Installations (as hereinafter defined), all Installations (as hereinafter defined) 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. Notwithstanding the foregoing, Landlord may notify Tenant 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, provided that, if concurrently with Tenant's request for Landlord's consent to an Installation Tenant asks, then Landlord shall notify Tenant, at the time of its approval of any such Installation, whether such removal is required upon the expiration or earlier termination of the Term. Upon the expiration or earlier termination of the Term, Tenant shall remove, at Tenant's sole cost and expense, (i) all wires, cables or similar equipment which Tenant has installed in the Premises or in the risers or plenums of the Building, (ii) any Installations for which Landlord has given Tenant notice of removal in accordance with the immediately preceding sentence, and (iii) all of Tenant's Property (as hereinafter defined), and Tenant shall restore and repair any damage caused by or occasioned as a result of such removal, including, without limitation, capping off all such connections behind the walls of the Premises and repairing any holes. During any restoration period beyond the expiration or earlier termination of the Term, Tenant shall pay Rent to Landlord as provided herein as if said space were otherwise occupied by Tenant. 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 be paid as administrative rent a fee of $1,000 per occurrence for its time and effort in preparing and negotiating such a waiver of lien.

For purposes of this Lease, (x) "**Removable Installations**" means any items listed on Exhibit F attached hereto and any items agreed by Landlord in writing to be included on Exhibit F in the future, (y) "**Tenant's Property**" means Removable Installations and, other than Installations, any personal property or equipment of Tenant that may be removed without material damage to the Premises, and (z) "**Installations**" means 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.

13. **Landlord's Repairs**. Landlord shall, at Landlord's sole expense (and not as an Operating Expense), be responsible for capital repairs and replacements of the roof (not including the roof membrane), exterior walls and foundation of the Building ("**Structural Items**"), unless the need for such repairs or replacements is caused by Tenant or any Tenant Parties, in which case Tenant shall bear the full cost to repair or replace such Structural Items. Landlord shall (with all related costs included as an Operating Expense, and with such costs for repair and replacement if capital in nature amortized as provided in Section 5 above) be responsible for the routine maintenance and repair of such Structural Items. Landlord shall (with all related costs included as an Operating Expense) maintain, repair and replace the roof membrane and all of the exterior, parking and other Common Areas of the Project, including HVAC, plumbing, fire sprinklers and all other building systems serving the Premises and other portions of the Project ("**Building Systems**") but excluding those exclusively serving the Premises, in good repair, reasonable wear and tear and uninsured losses and damages caused by Tenant, or by any of Tenant, or by any of Tenant's assignees, sublessees, licensees, agents, servants, employees, invitees, vendors and contractors (or any of Tenant's assignees, sublessees and/or licensees respective agents, servants, employees, invitees, vendors, 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 said 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 24 hours advance notice of any planned stoppage of Building Systems services for routine maintenance, repairs, alterations or improvements. Tenant shall promptly give Landlord written notice of any repair required by Landlord pursuant to this Section 13, 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, hurricane, sinkhole, tornado, vandalism, war, or similar cause of damage or destruction shall be controlled by Section 18.

14. **Tenant's Repairs**. Subject to Section 13 hereof (including, without limitation, Landlord's responsibility for Structural Items), Tenant, at its sole expense, shall repair, replace and maintain in good condition all portions of the Premises, building systems exclusively serving the Premises, and systems installed by Tenant, including, without limitation, entries, doors, ceilings, interior windows, interior walls, and the interior side of demising walls. Such repair and replacement may include capital expenditures and repairs whose benefit may extend beyond the Term. 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 days of Landlord's notice, and thereafter diligently prosecute such cure to completion (not to exceed 45 days), Landlord may perform such work and shall be reimbursed by Tenant within 10 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 discharge, 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 days after 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 discharge 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 cost thereof 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 within the Premises.

16. **Indemnification**. Tenant hereby indemnifies and agrees to defend, save and hold Landlord, its officers, directors, employees, managers, agents, sub-agents, constituent entities, affiliates and lease signatory(ies) (collectively, "**Landlord Indemnified Parties**") harmless from and against any and all actions (including, without limitation, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, with respect to Environmental Claims (defined below) or any holding over by Tenant, direct, indirect and consequential 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, death to persons or property damage occurring within or about the Premises), liabilities or losses (collectively, "**Claims**"), arising directly or indirectly out of use or occupancy of the Premises or a breach or default by Tenant in the performance of any of its obligations hereunder, except to the extent caused by the willful misconduct or negligence of Landlord Indemnified Parties. Landlord Indemnified Parties 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.

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, including, but not limited to, flood, environmental hazard and earthquake, loss or failure of building equipment, errors and omissions, rental loss during the period of repair or rebuilding, workers' compensation insurance and fidelity bonds for employees employed to perform services and insurance for any improvements installed by Tenant or which are in addition to the standard improvements customarily furnished by Landlord without regard to whether or not such are made a part of the Project. 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 which 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 or on behalf of 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 $2,000,000 per occurrence for bodily injury and property damage with respect to the Premises. The commercial general liability insurance maintained by Tenant shall name Alexandria Real Estate Equities, Inc., and Landlord, its officers, directors, employees, managers, agents, sub-agents, constituent entities, affiliates and lease signatory(ies) (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"; shall not be cancelable for nonpayment of premium unless 10 days prior written notice shall have been given to Landlord from the insurer; 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). Copies of such policies (if requested by Landlord), or certificates of insurance showing the limits of coverage required hereunder and showing Landlord as an additional insured, along with reasonable evidence of the payment of premiums for the applicable period, shall be delivered to Landlord by Tenant prior to (i) the earlier to occur of (x) the Commencement Date, or (y) the date that Tenant accesses the Premises under this Lease, and (ii) 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, at least 5 days prior to the expiration of such policies, furnish Landlord with renewal certificates.

In each instance where insurance is to name Landlord as an additional insured, Tenant shall upon written request of Landlord also designate and furnish certificates so evidencing Landlord as additional insured to: (i) any lender of Landlord holding a security interest in 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 Landlord's lender and/or to bring coverage limits to levels then being generally required of new office tenants in office/lab buildings 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 insured 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 9 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. In the event the Restoration Period is estimated to exceed 12 months, then Tenant shall have the right to terminate this Lease by written notice to Landlord within thirty (30) days following the date Tenant receives notice from Landlord of the Restoration Period. Unless 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, 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.

Tenant, at its expense, shall promptly perform, subject to delays arising from the collection of insurance proceeds, from Force Majeure events or to obtain Hazardous Material Clearances, all repairs or restoration 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, Landlord may terminate this Lease if the Premises are damaged during the last 18 months of the Term and Landlord reasonably estimates that it will take more than 2 months to repair such damage, or if insurance proceeds are not available for such restoration. Rent shall be abated from the date all required Hazardous Material Clearances are obtained until the Premises are repaired and restored, in the proportion which the area of the Premises, if any, which 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. 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 which 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 in Landlord's reasonable judgment, 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 this Lease shall terminate and Rent shall be apportioned as of said date. If the whole or any material part of the Premises is permanently Taken, and the Taking would either prevent or substantially interfere with Tenant's use of the Premises, then upon written notice by Tenant to Landlord this Lease shall terminate and Rent shall be apportioned as of said 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 Landlord determines 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; provided, that for the first instance within a 12-month period of Tenant's failure to pay any amounts due hereunder when due, Tenant shall be in Default only if such failure continues for 5 days from the date when due.

(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 20 days before the expiration of the current coverage.

(c) **Abandonment**. Tenant shall abandon the Premises.

(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 discharge or otherwise obtain the release of any lien placed upon the Premises in violation of this Lease within 10 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 which 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 the time periods set forth in such applicable Section, and fails to cure such failure within 3 business days after written notice of such failure from Landlord to Tenant.

(h) **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 10 business days after written notice thereof from Landlord to Tenant.

Any notice given under Section 20(h) 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; provided that if the nature of Tenant's default pursuant to Section 20(h) is such that it cannot be cured by the payment of money and reasonably requires more than 10 business days to cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said 10 business day period and thereafter diligently prosecutes the same to completion; provided, however, that such cure shall be completed no later than 60 days from the date of Landlord's notice.

21. **Landlord's Remedies**.

(a) **Performance; Payment; Interest**. If default by Tenant shall occur in the keeping, observance or performance of any covenant, agreement, term, provision or condition herein contained, Landlord, without thereby waiving such default, may perform the same for the account and at the expense of Tenant (a) immediately or at any time thereafter and with only such notice, if any, as may be practicable under the circumstances in the case of an emergency or in case such default will result in a violation of any Legal Requirement or insurance requirements, or in the imposition of any lien against all or any portion of the Premises or the Project not discharged, released or bonded over to Landlord's satisfaction by Tenant within the time period required pursuant to Section 15 of this Lease, and (b) in any other case if such default continues after any applicable notice and cure period provided in Section 20. All reasonable costs and expenses incurred by Landlord in connection with any such performance by it for the account of Tenant and also all reasonable costs and expenses, including attorneys' fees and disbursements incurred by Landlord in any action or proceeding (including any summary dispossess proceeding) brought by Landlord to enforce any obligation of Tenant under this Lease and/or right of Landlord in or to the Premises, 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 paid by Tenant 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 which 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 of 6% of the overdue Rent as a late charge. 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) **Additional 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 (except as otherwise expressly provided in Section 21(c)(v) with respect to Landlord's Lump Sum Election). No cure in whole or in part of such Default by Tenant after Landlord has taken any action beyond giving Tenant notice of such Default to pursue any remedy provided for herein (including retaining counsel to file an action or otherwise pursue any remedies) shall in any way affect Landlord's right to pursue such remedy or any other remedy provided Landlord herein or under law or in equity, unless Landlord, in its sole discretion, elects to waive such Default.

(i) This Lease and the Term and estate hereby granted are subject to the limitation that whenever a Default shall have happened and be continuing, Landlord shall have the right, at its election, then or thereafter while any such Default shall continue and notwithstanding the fact that Landlord may have some other remedy hereunder or at law or in equity, to give Tenant written notice of Landlord's intention to terminate this Lease on a date specified in such notice, which date shall be not less than 5 days after the giving of such notice, and upon the date so specified, this Lease and the estate hereby granted shall expire and terminate with the same force and effect as if the date specified in such notice were the date hereinbefore fixed for the expiration of this Lease, and all rights of Tenant hereunder shall expire and terminate, and Tenant shall be liable as hereinafter in this Section 21(c) provided. If any such notice is given, Landlord shall have, on such date so specified, the right of re-entry and possession of the Premises and the right to remove all persons and property therefrom and to store such property in a warehouse or elsewhere at the risk and expense, and for the account, of Tenant. Should Landlord elect to re-enter as herein provided or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may, subject to Section 21(c)(ii) from time to time re-let the Premises or any part thereof for such term or terms and at such rental or rentals and upon such terms and conditions as Landlord may deem advisable, with the right to make commercially reasonable alterations in and repairs to the Premises.

(ii) Landlord shall be deemed to have satisfied any obligation to mitigate its damages by hiring an experienced commercial real estate broker to market the Premises and directing such broker to advertise and show the Premises to prospective tenants.

(iii) In the event of any termination of this Lease as in this Section 21 provided or as required or permitted by law or in equity, Tenant shall forthwith quit and surrender the Premises to Landlord, and Landlord may, without further notice, enter upon, re-enter, possess and repossess the same by summary proceedings, ejectment or otherwise in accordance with applicable law, and again have, repossess and enjoy the same free of any rights of Tenant, and in any such event Tenant and no person claiming through or under Tenant by virtue of any law or an order of any court shall be entitled to possession or to remain in possession of the Premises.

(iv) If this Lease is terminated or if Landlord shall re-enter the Premises as aforesaid, or in the event of the termination of this Lease, or of re-entry, by or under any proceeding or action or any provision of law by reason of a Default by Tenant, Tenant covenants and agrees forthwith to pay and be liable for, on the days originally fixed in this Lease for the payment thereof, amounts equal to the installments of Base Rent and all Additional Rent as they would, under the terms of this Lease become due if this Lease had not been terminated or if Landlord had not entered or re-entered, as aforesaid, and whether the Premises be relet or remain vacant, in whole or in part, or for a period less than the remainder of the Term, or for the whole thereof, but in the event that the Premises be relet by Landlord, Tenant shall be entitled to a credit in the net amount of rent and other charges received by Landlord in reletting, after deduction of all of Landlord's expenses incurred in reletting the Premises (including, without limitation, tenant improvement, demising and remodeling costs, brokerage fees and the like), and in collecting the rent in connection therewith, in the following manner: Amounts received by Landlord after reletting, if any, shall first be applied against such Landlord's expenses, until the same are recovered, and until such recovery, Tenant shall pay, as of each day when a payment would fall due under this Lease, the amount which Tenant is obligated to pay under the terms of this Lease (Tenant's liability prior to any such reletting and such recovery by Landlord no in any way to be diminished as a result of the fact that such reletting might be for a rent higher than the rent provided for in this Lease); when and if such expenses have been completely recovered by Landlord, the amounts received from reletting by Landlord as have not previously been applied shall be credited against Tenant's obligations as of each day when a payment would fall due under this Lease, and only the net amount thereof shall

be payable by Tenant. Further, Tenant shall not be entitled to any credit of any kind for any period after the date when the Term of this Lease is scheduled to expire according to its terms.

Actions, proceedings or suits for the recovery of damages, whether liquidated or other damages, under this Lease, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the Term of this Lease would have expired if it had not been terminated hereunder.

(v) In addition, Landlord, at its election, notwithstanding any other provision of this Lease, by written notice to Tenant (the "**Lump Sum Election**"), shall be entitled to recover from Tenant, as and for liquidated damages, at any time following any termination of this Lease, a lump sum payment representing, at the time of Landlord's written notice of its Lump Sum Election, the sum of:

(A) the then present value (calculated in accordance with accepted financial practice using as the discount rate the yield to maturity on United States Treasury Notes as set forth below) of the amount of unpaid Base Rent and Additional Rent that would have been payable pursuant to this Lease for the remainder of the Term following Landlord's Lump Sum Election if this Lease had not been terminated, and

(B) all other damages and expenses (including attorneys' fees and expenses), if any, which Landlord shall have sustained by reason of the breach of any provision of this Lease; less

(C) the net rental revenue that Landlord may expect to obtain for the Premises for the balance of the Term, calculated based on the then present value (calculated in accordance with accepted financial practice using as the discount rate the yield to maturity on United States Treasury Notes as set forth below) of the aggregate net fair market rent plus additional charges payable for the Premises (if less than the then present value of Base Rent and Additional Rent that would have been payable pursuant to this Lease) for the remainder of the Term following Landlord's Lump Sum Election, calculated as of the date of Landlord's Lump Sum Election, and taking into account reasonable estimates of the length of time until the space will be leased and rent will commence to be paid, and future costs to relet any then vacant portions of the Premises (except to the extent that Tenant has actually paid such costs pursuant to this Section 21).

Landlord's recovery under its Lump Sum Election shall be in addition to Tenant's obligations to pay Base Rent and Additional Rent due and costs incurred prior to the date of Landlord's Lump Sum Election, and in lieu of any Base Rent and Additional Rent which would otherwise have been due under this Section from and after the date of Landlord's Lump Sum Election. The yield to maturity on United States Treasury Notes having a maturity date that is nearest the date that would have been the last day of the Term of this Lease, as reported in THE WALL STREET JOURNAL or a comparable publication if it ceases to publish such yields, shall be used in calculating present values for purposes of Landlord's Lump Sum Election. For the purposes of this Section, if Landlord makes the Lump Sum Election to recover liquidated damages in accordance with this Section, the total Additional Rent shall be computed based upon Landlord's reasonable estimate of Tenant's Share of Operating Expenses and other Additional Rent for each 12-month period in what would have been the remainder of the Term of this Lease and any part thereof at the end of such remainder of the Term, but in no event less than the amounts therefor payable for the twelve (12) calendar months (or if less than twelve (12) calendar months have elapsed since the date hereof, the partial year increased to be on an annualized basis) immediately preceding the date of Landlord's Lump Sum Election. Amounts of Tenant's Share of Operating

Expenses and any other Additional Rent for any partial year at the beginning of the Term, for the month in which the Lump Sum Election is made, or at the end of what would have been the remainder of the Term shall be prorated.

(vi) Nothing herein contained shall limit or prejudice the right of Landlord, in any bankruptcy or insolvency proceeding, to prove for and obtain as liquidated damages by reason of such termination an amount equal to the maximum allowed by any bankruptcy or insolvency proceedings, or to prove for and obtain as liquidated damages by reason of such termination, an amount equal to the maximum allowed by any statute or rule of law, whether such amount shall be greater or less than the excess referred to above.

(vii) Nothing in this Section 21 shall be deemed to affect the right of either party to indemnifications pursuant to this Lease, which shall be in addition to the remedies set forth in this Section 21.

(viii) If Landlord terminates this Lease upon the occurrence of a Default, Tenant will quit and surrender the Premises to Landlord or its agents, and Landlord may, without further notice, enter upon, re-enter and repossess the Premises by summary proceedings, ejectment or otherwise in accordance with applicable law. The words “enter”, “re-enter”, and “re-entry” are not restricted to their technical legal meanings.

(ix) If Tenant shall be in default in the observance or performance of any provision of this Lease, and an action shall be brought for the enforcement thereof in which it shall be determined that Tenant was in default, Tenant shall pay to Landlord all reasonable, out of pocket fees, costs and other expenses which may become payable as a result thereof or in connection therewith, including reasonable attorneys’ fees and expenses.

(x) 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(c).

(xi) In the event that Tenant is in breach or Default under this Lease, whether or not Landlord exercises its right to terminate or any other remedy, Tenant shall reimburse Landlord upon demand for any out of pocket costs and expenses that Landlord may incur in connection with any such breach or Default, as provided in this Section 21(c). Such costs shall include legal fees and costs incurred for the negotiation of a settlement, enforcement of rights or otherwise. Tenant shall also indemnify Landlord against and hold Landlord harmless from all costs, expenses, demands and liability, including without limitation, legal fees and costs Landlord shall incur if Landlord shall become or be made a party to any claim or action instituted by Tenant against any third party, by any third party against Tenant or by or against any person holding any interest under or using the Premises by license of or agreement with Tenant.

(d) Except as otherwise provided in this Section 21, no right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to any other legal or equitable right or remedy given hereunder, or now or hereafter existing. No waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressly so made in writing by Landlord expressly waiving such provision. Landlord shall be entitled, to the extent permitted by law, to seek injunctive relief in case of the violation, or attempted or threatened violation, of any provision of this Lease, or to seek a decree compelling observance or performance of any provision of this Lease, or to seek any other legal or equitable remedy.

Except for the provisions of this Lease relating to holdover or Hazardous Materials, in no event shall Tenant be liable to Landlord for any consequential, indirect or special damages, and in no event will Tenant be liable to Landlord for punitive damages.

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 or any part thereof, and any attempt to do any of the foregoing shall be void and of no effect. If Tenant is a corporation, partnership (limited, general or other) or limited liability company (or other business associations), the shares or other ownership interests thereof which are not actively traded upon a stock exchange or in the over-the-counter market, a transfer or series of transfers whereby 49% or more of the issued and outstanding shares or other ownership interests of such corporation, partnership (limited, general or other) or limited liability company (or other business associations) are, or voting control is, transferred (but excepting transfers upon deaths of individual owners) from a person or persons or entity or entities (or other business associations) which were owners thereof at time of execution of this Lease to persons or entities (or other business associations) who were not owners of shares or other ownership interests of the corporation, partnership or limited liability company (or other business associations) at time of execution of this Lease, shall be deemed an assignment of this Lease requiring the consent of Landlord as provided in this Section 22. Notwithstanding anything in this Section 22 to the contrary, any public offering of shares in Tenant on a nationally recognized stock exchange shall not be deemed an assignment requiring consent of the Landlord; provided, however, Tenant shall provide Landlord with 15 days' prior notice of such event.

(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 10 business days, but not more than 45 business 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 10 business days after receipt of the Assignment Notice: (i) grant such consent, (ii) omitted, (iii) refuse such consent, in its reasonable discretion, (provided that in the case of a sublease 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 (iv) terminate this Lease with respect to the space described in the Assignment Notice as of the Assignment Date if Tenant's request is for an assignment (other than a Permitted Assignment) or a sublease of greater than 50% of the Premises or a sublease for all or substantially all of the remaining term of the Lease (an "**Assignment Termination**"). 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 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 judgment, the character, nature, operations, creditworthiness, 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 or are controversial; (4) Landlord has received from any prior landlord to the proposed assignee or subtenant a negative report concerning such prior landlord's experience with the proposed assignee or subtenant; (5) Landlord has experienced previous defaults by or is in litigation with the proposed assignee or subtenant; (6) the use of the Premises by the

proposed assignee or subtenant will violate any applicable Legal Requirement; (7) the proposed assignee or subtenant, or any entity that, directly or indirectly, controls, is controlled by, or is under common control with the proposed assignee or subtenant, is then an occupant of the Project and Landlord or its affiliate has or will have space the same can utilize; (8) the proposed assignee or subtenant is an entity with whom Landlord is negotiating to lease space in the Project; or (9) the assignment or sublease is prohibited by Landlord's lender, if any. If Landlord delivers notice of its election to exercise an Assignment Termination, Tenant shall have the right to withdraw such Assignment Notice by written notice to Landlord of such election within 5 business days after Landlord's notice electing to exercise the Assignment Termination. If Tenant withdraws such Assignment Notice, this Lease shall continue in full force and effect. If Tenant does not withdraw such Assignment Notice, this Lease, and the term and estate herein granted, shall terminate as of the Assignment Date with respect to the space described in such Assignment Notice. No failure of Landlord to exercise any such option to terminate this Lease, or 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.

In addition, Tenant shall have the right to assign this Lease, upon 15 business days prior written notice to Landlord (except to the extent prohibited by applicable securities or other laws or regulations or confidentiality requirements, in which case such notice shall be provided as soon as permitted but in no event later than 10 days before such transaction) but without obtaining Landlord's prior written consent, to (a) a corporation or other entity which is controlling, controlled by or under common control with Tenant, provided that (i) 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 (ii) such assignee shall agree in writing to assume all of the terms, covenants and conditions of this Lease ("**Control Permitted Assignment**"), or (b) 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 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) such assignee shall agree in writing to assume all of the terms, covenants and conditions of this Lease (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, the originally named 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 therefor or incident thereto in any form), other than with respect to a Permitted Assignment, exceeds the sum of the rental payable under this Lease (excluding however, any Rent payable under this Section) and actual and reasonable brokerage fees, legal costs and any design or construction fees directly related to and required pursuant to the terms of any such sublease) ("**Excess Rent**"), then Tenant shall be bound and obligated to pay Landlord as Additional Rent hereunder 50% of such Excess Rent within 10 days following receipt thereof by Tenant. 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 as assignee and as attorney-in-fact for Tenant, 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.

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 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 such time shall, at the option of Landlord, constitute a Default under this Lease, and, in any event, 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 and any and all Tenant Parties 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, modified or amended by Landlord covering use of the Premises and the Project. The current rules and regulations are attached hereto as **Exhibit E**. If there is any conflict between said 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.

In addition to the foregoing, Landlord shall have the right to institute, modify or amend at any time or from time to time reasonable rules and regulations related to Tenant's use of the Amenities, including by way of example but not limitation, requirements related to reservation systems for conference facilities, designation of permitted caterers or restaurants that may serve any conference facilities, reasonable fees for the use of conference facilities, liability waivers for individuals using gyms, and access card entry requirements. Tenant and any and all Tenant Parties shall comply with all such rules and regulations.

Tenant shall cause all Tenant Parties to comply with all rules and regulations established from time to time by Landlord pursuant to this Section 26. Tenant will reimburse Landlord for all damages caused by Tenant's or any Tenant Party's failure to comply with the provisions of this Section 26 and will also pay to Landlord, as Additional Rent, an amount equal to any increase in insurance premiums caused by such failure to comply.

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, the Building, 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 mortgages, deeds of trust, security assignments and any other encumbrances, and any reference to the "**Holder**" of a Mortgage shall be deemed to include the mortgagee or beneficiary under a deed of trust.

As of the date of this Lease, there is no existing Mortgage encumbering the Project. If during the Term there is a Mortgage encumbering the Project, Landlord agrees to use reasonable efforts to cause the Holder of the then-current Mortgage to enter into a subordination, non-disturbance and attornment agreement ("**SNDA**") with Tenant with respect to this Lease. The SNDA shall be on the form proscribed by the Holder and Tenant shall pay the Holder's fees and costs in connection with obtaining such SNDA;

provided, however, that Landlord shall request that Holder make any changes to the SNDA requested by Tenant. Landlord's failure to cause the Holder to enter into the SNDA with Tenant (or make any of the changes requested by Tenant) shall not be a default by Landlord under this Lease.

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 the same condition as received, subject to any Alterations or Installations permitted by Landlord to remain in the Premises, 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 a Landlord Party (collectively, "**Tenant HazMat Operations**") and released of all Hazardous Materials Clearances, broom clean, ordinary wear and tear and casualty loss and condemnation covered by Sections 18 and 19 excepted.

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.

30. **Environmental Requirements**.

(a) **Prohibition/Compliance**. Except for Hazardous Material contained in products customarily used by tenants in de minimis quantities for ordinary cleaning and office purposes, Tenant shall not permit or cause any party to bring any Hazardous Material upon the Premises or use, store, handle, treat, generate, manufacture, transport, release or dispose of any Hazardous Material in, on or from the Premises or Project without Landlord's prior written consent which may be withheld in Landlord's sole discretion. Tenant, at its sole cost and expense, shall operate its business in the Premises in strict compliance with all Environmental Requirements and shall remove or remediate in a manner satisfactory to Landlord any Hazardous Materials released on or from the Project by Tenant or any Tenant Party. Tenant shall complete and certify disclosure statements as requested by Landlord from time to time relating to Tenant's use, storage, handling, treatment, generation, manufacture, transportation, release or disposal of Hazardous Materials on or from the Premises. 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 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. 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. Notwithstanding anything contained in this Section 30, Tenant shall have no liability for any Hazardous Materials in the Premises that Tenant can demonstrate to Landlord's satisfaction was present in the Premises prior to the date of Substantial Completion of the Landlord's Work (or any earlier date of entry onto the Premises by Tenant or any Tenant Parties), except to the extent Tenant and/or any of the Tenant Parties have exacerbated or contributed to such contamination or mitigation. If Tenant encounters any pre-existing Hazardous Materials in connection with Alterations, it shall promptly notify Landlord and cease any actions that may disturb such Hazardous Materials until Landlord has the opportunity to investigate and remediate the same if required by law.

(b) **Indemnity**. Tenant hereby indemnifies and shall defend and hold Landlord, its officers, directors, employees, managers, agents, sub-agents, affiliates 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, the Building, or the Project, or the loss of, or restriction on, use of the Premises or any portion of the Building or 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 (collectively, "**Environmental Claims**") 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, the Building, the Project or any other adjacent property. Without limiting the foregoing, if the presence of any Hazardous Materials in, on or under the Premises, the Building, the Project or any adjacent property caused or permitted by Tenant or any Tenant Party results in any contamination of the Premises, the Building, 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 Building, the Project and/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, the Building, or the Project.

(c) **Landlord's Tests**. Landlord shall have access to, and a right to perform inspections and tests of, the Premises to determine Tenant's compliance with Environmental Requirements, its obligations under this Section 30, or the environmental condition of the Premises or the Project. Such tests and inspections will be performed at Landlord's expense (or as an Operating Expense, if applicable), unless Tenant violated the provisions of this Section 30 or the Environmental Requirements or Landlord had reason to believe Tenant might have, in which case the tests and inspections will be at Tenant's sole cost and expense and Tenant will reimburse Landlord on demand. 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. 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 which Landlord may have against Tenant.

(d) **Tenant's Obligations**. Tenant's obligations under this Section 30 shall survive the expiration or earlier termination of this Lease. During any period of time 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), Tenant shall continue to pay the full Rent at the holdover rate in accordance with this Lease for any portion of the Premises not relet by Landlord in Landlord's sole discretion, which Rent shall be prorated daily.

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.

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 fee 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 48 hours 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 18 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. 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 and in no event shall Landlord be required to reschedule any access as a result of Tenant's escort's unavailability, and if Tenant's escort is unavailable at the time of Landlord's access, Landlord's access will proceed without Tenant's escort.

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 Tenant's obligation to timely pay Rent or any other payment due hereunder (which such obligation shall not under any circumstance be delayed or excused), neither Landlord nor Tenant shall be responsible or liable for delays in the performance of its obligations hereunder when such delay in performance is caused by, related to or arises out of acts of God, sinkholes or subsidence, strikes, labor stoppages, lockouts, or other labor disputes, embargoes, quarantines, declared states of emergency or public health emergencies, pandemics, epidemics, infectious disease, 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 decrees, laws, actions, restrictions, orders, limitations, regulations, or controls, regional, state, local, or national emergencies, delay in inspection by federal, state or local inspectors, officials or other applicable Governmental Authorities, delay in issuance or revocation of permits, approvals, certificates of occupancy, or entitlements, enemy or hostile governmental action, terrorism, insurrection, riots, civil disturbance or commotion, fire or other casualty, and any other causes or events beyond the reasonable control of the obligated party ("**Force Majeure**").

35. **Brokers**. Landlord and Tenant each represents and warrants that, other than Cushman & Wakefield and CBRE (the "**Brokers**"), it has not dealt with any broker, agent or other person entitled to a commission, compensation or fee in connection with this transaction. Landlord and Tenant each hereby agree to indemnify and hold the other harmless from and against any claims by any broker, agent or other person or entity, other than the Brokers, claiming a commission or other form of compensation by virtue of having dealt with Tenant or Landlord, as applicable, with regard to this leasing transaction. Landlord shall be responsible for all commissions due to the Brokers arising out of the execution of this Lease subject to and in accordance with the terms of a separate agreement(s) with the Brokers.

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, EMPLOYEES, MANAGERS, AFFILIATES, AGENTS OR CONTRACTORS. UNDER NO CIRCUMSTANCES SHALL LANDLORD OR ANY OF LANDLORD'S OFFICERS, DIRECTORS, EMPLOYEES, MANAGERS, AFFILIATES, 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 ANY MEASURES AND/OR SERVICES IMPLEMENTED AT THE PROJECT, IF ANY, INTENDED TO ENCOURAGE SOCIAL DISTANCING (ALSO REFERRED TO AS

PHYSICAL DISTANCING), PROMOTE AND PROTECT HEALTH AND PHYSICAL WELL-BEING AND/OR PREVENT OR LIMIT THE SPREAD OR TRANSMISSION OF INFECTIOUS CONDITIONS, MAY NOT PREVENT OR LIMIT THE SPREAD OR TRANSMISSION OF SUCH INFECTIOUS CONDITIONS (IT BEING UNDERSTOOD AND AGREED THAT LANDLORD HAS NO OBLIGATION TO UNDERTAKE ANY SUCH MEASURES OR SERVICES AND HAS MADE NO REPRESENTATION THAT IT WILL UNDERTAKE ANY SUCH MEASURES OR SERVICES, NOR AS TO THE SUFFICIENCY OF ANY MEASURES OR SERVICES UNDERTAKEN BY LANDLORD IF LANDLORD UNDERTAKES ANY MEASURES OR SERVICES, AND TENANT WILL NOT RELY ON ANY MEASURES OR SERVICES UNDERTAKEN BY LANDLORD IF LANDLORD UNDERTAKES ANY MEASURES OR SERVICES). NEITHER LANDLORD NOR ANY LANDLORD INDEMNIFIED PARTIES SHALL HAVE ANY LIABILITY AND TENANT IRREVOCABLY RELEASES AND WAIVES ANY CLAIMS AGAINST LANDLORD AND THE LANDLORD INDEMNIFIED PARTIES WITH RESPECT TO ANY LOSS, DAMAGE, INJURY OR DEATH IN CONNECTION WITH (X) THE IMPLEMENTATION, MANNER OF IMPLEMENTATION, OR FAILURE OF LANDLORD OR ANY LANDLORD INDEMNIFIED PARTIES TO IMPLEMENT OR ENFORCE, ANY MEASURES AND/OR SERVICES AT THE PROJECT INTENDED TO ENCOURAGE SOCIAL DISTANCING (ALSO REFERRED TO AS PHYSICAL DISTANCING), PROMOTE AND PROTECT HEALTH AND PHYSICAL WELL-BEING AND/OR PREVENT OR LIMIT THE SPREAD OR TRANSMISSION OF INFECTIOUS CONDITIONS, OR (Y) THE FAILURE OF ANY MEASURES AND/OR SERVICES IMPLEMENTED AT THE PROJECT, IF ANY, TO PREVENT OR LIMIT THE SPREAD OR TRANSMISSION 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 sole 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, (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, graphics, placards, decorations, or advertising media of any type which can be viewed from the exterior of the Premises. At Tenant's election, to the extent permitted by Legal Requirements, and subject to Landlord's prior written approval of size, location and design, Landlord shall cause to be installed (at Tenant's sole cost and expense) the following signage: (i) suite-entry signage on the entryway or immediately adjacent to such entryway of the Premises, and (ii) Tenant's pro rata share (as reasonably determined by Landlord) of non-exclusive signage bearing Tenant's name and logo on the monument sign serving the Building, if any. Tenant shall provide Landlord with the applicable signs and/or placards to be installed pursuant to the foregoing sentence. All costs associated with the design, permitting, approval, fabrication, installation, maintenance, and removal (and associated repairs of damage to the Building and/or the monument sign due to Tenant's signage removal), shall be borne exclusively by Tenant.

39. **Intentionally Omitted.**

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 Right**. Tenant shall have a one-time right (the "**Extension Right**") to extend the term of this Lease for 5 years (the "**Extension Term**") on the same terms and conditions as this Lease

(other than with respect to Base Rent, which shall be determined as set forth below, and the Work Letter, which shall not be applicable) by giving Landlord written notice of its election to exercise the Extension Right at least 12 months prior (but no earlier than 18 months prior) to the expiration of the Base Term of this Lease.

(b) **Base Rent**. Upon the commencement of the 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 the Extension Term by a percentage as determined by Landlord and agreed to by Tenant at the time the Market Rate is determined or determined by arbitration as provided below. 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 of office space in Class A laboratory/office buildings in the Project and in the Watertown, Allston, Brighton and West Cambridge markets for a comparable term, with the determination of the Market Rate to take into account all relevant factors, including, without limitation, tenant inducements, views, available amenities (including, without limitation, the Amenities), age of the Building, age of mechanical systems serving the Premises, parking availability, leasing commissions, and 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 the Extension Term increased by the Rent Adjustment Percentage multiplied by such Base Rent.

If, on or before the date which is 180 days prior to the expiration of the Base Term of this Lease, 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(c). 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.

(c) **Arbitration**.

(i) Within 10 days of Tenant's 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 Landlord fails to timely submit an Extension Proposal, Landlord's original submission will be used for this purpose. If Tenant fails to timely submit an Extension Proposal, Landlord'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 (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 Greater Boston, 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 Greater Boston, (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.

(d) **Rights Personal**. The Extension Right is personal to Tenant and any successor pursuant to a Permitted Assignment, and is not assignable without Landlord's 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.

(e) **Exceptions**. Notwithstanding anything set forth above to the contrary, Extension Rights shall, at Landlord's option, not be in effect and Tenant may not exercise any of the Extension Rights:

(i) if Tenant (or successor pursuant to a Permitted Assignment) is not then occupying at least 75% of the Premises;

(ii) during any period of time that Tenant is in Default under any provision of this Lease; or

(iii) if Tenant has been in Default under any provision of this Lease 3 or more times, whether or not the Defaults are cured, during the 12-month period immediately prior to the date that Tenant intends to exercise an Extension Right, whether or not the Defaults are cured.

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

(g) **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 an Extension Term, (i) Tenant fails to timely cure any default by Tenant under this Lease; or (ii) Tenant has Defaulted 3 or more times during the period from the date of the exercise of an Extension Right to the date of the commencement of the Extension Term, whether or not such Defaults are cured.

41. **Shuttle Service**. During the Term, Landlord may provide or otherwise arrange for (but shall not be obligated to provide or otherwise arrange for) Shuttle Service to and from the Project on weekdays (subject to weather conditions, holidays, Force Majeure), and Tenant's employees shall, subject to seating availability, have the right to use such Shuttle Service at all times that such Shuttle Service is in operation and available for use by tenants of the Project. "**Shuttle Service**" shall mean shuttle bus service provided or contracted for by Landlord between the Project and various commuting locations in the Watertown/Cambridge/Boston area, as determined by Landlord from time to time. Landlord shall have the right to adjust the schedule, frequency, and route(s) of the Shuttle Service as it determined based on usage.

No fee shall be charged to any passenger that utilizes the Shuttle Service, provided that all costs of such Shuttle Service shall be included as part of Operating Expenses. Tenant's use of the Shuttle Service shall be at Tenant's sole risk, and Tenant hereby acknowledges that Landlord shall have no liability with respect thereto. Tenant shall indemnify, defend and hold Landlord harmless from and against any Claims by any of Tenant's employees or invitees related to the Shuttle Service or any personal injury or property damage related thereto or arising therefrom.

42. **Intentionally Omitted**.

43. **Asbestos**.

(a) **Notification of Asbestos**. Landlord hereby notifies Tenant of the presence of asbestos-containing materials ("**ACMs**") and/or presumed asbestos-containing materials ("**PACMs**") within or about the Project in the location of the buildings identified in Exhibit G.

(b) **Tenant Acknowledgement**. By execution of this Lease, Tenant hereby acknowledges receipt of the notification in paragraph (a) of this Section 43 and understands that the purpose of such notification is to make Tenant and any agents, employees, and contractors of Tenant, aware of the presence of ACMs and/or PACMs within or about the Building in order to avoid or minimize any damage to or disturbance of such ACMs and/or PACMs.

(c) **Acknowledgement from Contractors/Employees**. Tenant shall give Landlord at least 14 days' prior written notice before conducting, authorizing or permitting any of the activities listed below within or about the Premises, and before soliciting bids from any person to perform such services. Such notice shall identify or describe the proposed scope, location, date and time of such activities and the name, address and telephone number of each person who may be conducting such activities. Thereafter, Tenant shall grant Landlord reasonable access to the Premises to determine whether any ACMs or PACMs will be disturbed in connection with such activities. Tenant shall not solicit bids from any person for the performance of such activities without Landlord's prior written approval. Upon Landlord's request, Tenant shall deliver to Landlord a copy of a signed acknowledgement from any contractor, agent, or employee of Tenant acknowledging receipt of information describing the presence of ACMs and/or PACMs within or about the Project in the location of the buildings identified in Exhibit G prior to the commencement of such activities. Nothing in this Section 43 shall be deemed to expand Tenant's rights under this Lease or otherwise to conduct, authorize or permit any of the following activities:

(i) Removal of thermal system insulation ("**TSI**") and surfacing ACMs and PACMs (i.e., sprayed-on or troweled-on material, e.g., textured ceiling paint or fireproofing material);

(ii) Removal of ACMs or PACMs that are not TSI or surfacing ACMs or PACMs; or

(iii) Repair and maintenance of operations that are likely to disturb ACMs or PACMs.

44. **Disclosure of Encumbrances**.

(a) **Acknowledgement**. Tenant hereby acknowledges that the Project is a historic site listed on the National Register of Historic Places that was formerly owned and operated by the United States Army for research and production of military weapons and related materials dating back to the mid-1800s, and that such uses included those that impacted the environmental condition of the Project. Accordingly, the Project is subject to various restrictions related to the historical significance of certain aspects of the Project and environmental contamination of other aspects of the Project. Tenant has been given the opportunity to review all such matters to its satisfaction and Landlord makes no representations, warranties or assurances with respect thereto.

(b) **Deed**. Notwithstanding anything contained in this Lease to the contrary, the Premises (and Tenant's rights therein) are subject to all easements, restrictions and encumbrances now or hereafter of record so long as the same may be in force and effect, including without limitation all easements, restrictions and covenants contained in that certain Quitclaim Deed dated August 20, 1998, recorded with the Middlesex Southern District Registry of Deeds at Book 29012, Page 420, from the United States of America, acting by and through the Secretary of the Army (the "**Army**"), to the Watertown Arsenal Development Corporation, with respect to the Premises (the "**Army Deed**"), which Army Deed is incorporated by reference and includes, without limitation, (i) covenants in Part IV of the Army Deed associated with the Army's obligations under the Federal Facility Agreement between the Army and the United States Environmental Protection Agency and (ii) covenants in Part XI associated with certain historical resources at the Premises.

(c) **Environmental Grant**. Notice is hereby given that a Grant of Environmental Restriction and Easement, dated August 11, 1998, pursuant to Massachusetts General Laws Chapter 21E, has been recorded by the Army with the Middlesex Southern District Registry of Deeds at Book 28978, Page 549; as amended by a First Amendment to Grant of Environmental Restriction and Easement, dated February 5, 1999, recorded at Book 29779, Page 359; as affected by a Subordination Agreement, dated March 16, 1999, recorded at Book 29957, Page 104; as further affected by a Subordination Agreement, dated March 24, 1999, recorded at Book 29985, Page 151; as further amended by a Second Amendment to Grant of Environmental Restriction and Easement, dated April 15, 1999, recorded at Book 30066, Page 116; as further affected by a Partial Release of Environmental Restriction and Easement, dated June 10, 1999, recorded at Book 30278, Page 511; as further amended by a Third Amendment to Grant of Environmental Restriction and Easement, dated June 7, 1999, recorded at Book 30278, Page 513; as further amended by a Fourth Amendment to Grant of Environmental Restriction and Easement, dated July 22, 2000, recorded at Book 31682, Page 99; as further amended by a Fifth Amendment to Grant of Environmental Restriction and Easement dated July 14, 2004, and recorded with said Registry of Deeds in Book 44119, Page 1; as affected by a plan entitled "Plan Showing Excavation Areas B, E, and G in Watertown, Massachusetts," dated February 20, 2002, as revised on September 25, 2002, prepared by Dunn McKenzie, Inc., recorded as Plan No. 1348 of 2004; as further amended by a Sixth Amendment to Grant of Environmental Restriction and Easement dated March 21, 2005, and recorded with said Registry of Deeds in Book 45129, Page 1; as further affected by a plan entitled "Plan Showing Commercial Reuse Area in Watertown, Massachusetts," dated October 25, 2004, as revised on March 16, 2005, prepared by Dunn McKenzie, Inc., recorded as Plan No. 523 of 2005; as further amended by a Seventh Amendment to Grant of Environmental Restriction and Easement dated August 9, 2006, and recorded with said Registry of Deeds in Book 48562, Page 187; and as further affected by a plan entitled "Plan Showing Commercial Reuse Area in Watertown, Massachusetts," dated August 16, 2004, as revised on March 16, 2005 and February 10, 2006, prepared by Dunn McKenzie, Inc., recorded as Plan No. 1480 of 2006 (the "**Grant**"). This restriction on the activities conducted on the Premises and use limitations contained in the Grant are hereby incorporated by reference and shall be independently enforceable by the Army under the Grant as a restrictive covenant and equitable servitude.

(d) **Activity and Use Limitations**. Notice is hereby further given that the following three (3) Notices of Activity and Use Limitations, pursuant to Massachusetts General Laws Chapter 21E, have been recorded with the Middlesex Southern District Registry of Deeds: (i) dated August 11, 1998, recorded at Book 28959, Page 92; (ii) dated August 11, 1998, recorded at Book 28959, Page 190, as amended by a First Amendment to Notice of Activity and Use Limitations, dated October 26, 1999, recorded at Book 30801, Page 319, as further amended by a Second Amendment to Notice of Activity and Use Limitations, dated December 9, 2019, recorded at Book 73807, Page 226; and (iii) dated February 4, 1999, recorded at Book 29766, Page 17, as amended by a First Amendment to Notice of Activity and Use Limitations, dated August 19th, 2004, recorded at Book 43589, Page 438, and as further amended by a Second Amendment to Notice of Activity and Use Limitation, dated February 28, 2005, recorded at Book 44737, Page 453 (collectively, the "**Notices of AULs**"). The restriction on activities conducted on the Premises and use limitations contained in the

Notices of AULs are hereby incorporated by reference and shall be independently enforceable by the Army as a restrictive covenant and equitable servitude.

45. **Miscellaneous**.

(a) **Notices**. All notices or other communications between the parties shall be in writing and shall be deemed duly given upon delivery or refusal to accept delivery by the addressee thereof if delivered in person, or upon actual receipt if delivered by reputable overnight guaranty courier, addressed and sent to the parties at their addresses set forth above. 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 named as Tenant, each shall be jointly and severally liable for the obligations of Tenant.

(c) **Financial Information**. Tenant shall furnish Landlord with true and complete copies of (i) Tenant's most recent audited annual financial statements within 90 days of the end of each of Tenant's fiscal years during the Term, (ii) if requested by Landlord, Tenant's most recent unaudited quarterly financial statements within 45 days of the end of each of Tenant's fiscal quarters during each of Tenant's fiscal years during the Term, (iii) at Landlord's 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) corporate brochures and/or profiles prepared by Tenant for prospective investors, and (v) any other financial information or summaries that Tenant typically provides to its lenders or shareholders. So long as Tenant is a "public company" and its financial information is publicly available, then the foregoing delivery requirements of this Section 45(c) shall not apply.

(d) **Recordation**. Neither this Lease nor a notice of lease shall be filed by or on behalf of Tenant in any public record. At the request of either party, Landlord shall prepare, andTenant will execute, a notice of lease, which Tenant shall then cause to have recorded in the applicable public record at Tenant's expense. If a notice of lease shall be filed, promptly following the expiration or earlier termination of this Lease, Landlord and Tenant shall execute a notice of termination of lease in a mutually acceptable form (the "**Notice of Termination**"), acknowledging the termination of this Lease. In the event that Tenant fails to execute such Notice of Termination within 10 days after Landlord delivers same to Tenant, Tenant hereby irrevocably appoints Landlord as Tenant's attorney-in-fact coupled with an interest (which appointment shall survive the expiration or early termination of the Term) with full power of substitution to execute, acknowledge, and deliver the Notice of Termination in Tenant's name.

(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. Each term and provision of this Lease to be performed and observed by Tenant shall be construed to be both a covenant and a condition. Tenant's covenants contained in this Lease are independent and not dependent, and Tenant hereby waives the benefit of any statute or judicial law to the contrary. Tenant's obligation to pay Rent shall not be discharged or otherwise affected by any law or regulation now or hereafter applicable to the Premises, or any other restriction on Tenant's use, or (except as expressly provided in this Lease) any casualty or taking, or any failure by Landlord to perform any covenant contained herein, or any other occurrence; and no termination or abatement remedy that is not expressly provided for in this Lease for any breach or failure by Landlord to perform any obligation under this Lease shall be implied or applicable as a matter of law.

(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 Commonwealth of Massachusetts, excluding any principles of conflicts of laws. Each of Landlord and Tenant acknowledges and agrees that all disputes arising, directly or indirectly, out of or relating to this Lease shall be dealt with by application of the laws of the Commonwealth of Massachusetts and adjudicated in the state courts of the Commonwealth of Massachusetts sitting in Middlesex County or the United States District Court for the District of Massachusetts; and hereby expressly and irrevocably submits to the jurisdiction of such courts in any suit, action or proceeding arising, directly or indirectly, out of or relating to this Lease. So far as is permitted under the applicable law, this consent to personal jurisdiction shall be self-operative and no further instrument or action, other than service of process in one of the manners permitted by law, shall be necessary in order to confer jurisdiction upon either party in any such court.

(i) **Time**. Time is of the essence as to the performance of Landlord's and 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) **Intentionally Omitted.**

(o) **Redevelopment of Project**. Tenant acknowledges that Landlord intends to undertake significant renovations and/or construction at the Project, including, without limitation, for lab, office and retail uses, and including, without limitation, the creation of one or more Amenities or Amenity buildings or centers. Landlord expressly reserves the right, in its sole discretion, from time to time to expand, develop, renovate, redevelop, alter, improve, maintain, construct, demolish, relocate and/or reconfigure the Project (or portions thereof) and buildings, Common Areas (including parking and site drives) and other improvements therein, 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 or existence of any improvements, buildings, structures, lobbies, hallways, entrances, exits, parking and/or parking areas; (b) modify, eliminate and/or add any buildings, improvements, and parking structure(s) either above or below grade, from or to the Project, the Amenities or other Common Areas and/or any other portion of the Project and/or make any other changes thereto affecting the same; (c) amend any existing land use and zoning approvals for the Project (including, without limitation, any special permit applicable to the Project) and seek additional approvals, relief or zoning amendments in connection with any future expansion, development, renovation, redevelopment, alteration, demolition, relocation, improvement, operation, maintenance or repair of the Project (including, without limitation, the Common Areas); and (d) 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, creation and/or elimination of, and/or additions to and/or deletions from, the land comprising the Project, the Amenities or other Common Areas and/or any other portion of the Project. Landlord shall have the right, in connection with such contemplated activities, to subject the Project and its appurtenant rights to easements for the construction, reconstruction, alteration, demolition, relocation, improvement, operation, repair or maintenance of elements thereof, for access and egress, for parking, for the installation, maintenance, repair, replacement or relocation of utilities serving the Project, and to subject the Project to such other rights, agreements, and covenants for such purposes as Landlord may determine; provided that such rights, agreements, and covenants do not change Tenant's Permitted Use of the Premises. This Lease shall be subject and subordinate to all such matters. For the avoidance of doubt, however, Landlord shall have no obligation to undertake any action described in this Section 45(o), and Tenant is not entering into this Lease in reliance of Landlord making any alteration to the Project or any other action described in this Section 45(o).

Tenant hereby agrees that this Lease shall be subject and subordinate to any expansion, development, renovation, redevelopment, alteration, improvement, maintenance, demolition, relocation and/or reconfiguration activity, or any other matter set forth in this Section 45(o), and, in connection with such activity or matter, Landlord may, from time to time, cause the rentable square footage of the Premises, the Building and/or the Project to be remeasured by Landlord's architect. Notwithstanding anything herein to the contrary, the Base Rent due and payable hereunder shall not change solely on account of a remeasurement of the Premises and/or Project as a result of any action described in this Section 45(o). Neither Tenant nor any affiliate of Tenant shall take any action, directly or indirectly, to oppose any of the foregoing activities by Landlord or its affiliates. Landlord and its agents, employees, licensees and contractors shall also have the right to undertake work pursuant to any actions contemplated above; to shore up the foundations and/or walls of the Building (or any other structures within the Project); to erect scaffolding and protective barricades around, within or adjacent to the Building (or any other structures within the Project); to close off Common Areas; and to do any other act necessary for the safety of the Building (or any other structures within the Project) or the expeditious completion of such work. Tenant acknowledges that construction noise, vibrations and dust, and alterations of traffic patterns or parking,

associated with construction activities 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 cancel or terminate this Lease and Landlord shall not be liable to Tenant for any damages, compensation or reduction of Rent by reason of (i) inconvenience or annoyance or for loss of business resulting from any act by Landlord pursuant to this Section 45(o), or (ii) any 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. Landlord shall not (a) change Tenant's Permitted Use of the Premises and (b) change the number of parking spaces allocated to Tenant based on the rate of 2.5 cars per 1,000 rentable square feet of the Premises (subject to temporary interruptions arising out of Landlord's exercise of the rights set forth in this subparagraph).

(p) **Intentionally Omitted.**

(q) **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 facsimile, 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.

(r) **Non-Disclosure of Terms**. Tenant acknowledges and agrees that the terms of this Lease are confidential and constitute proprietary information of Landlord. Disclosure of such terms may adversely affect the ability of Landlord and its affiliates to negotiate, manage, and administer other leases and impair Landlord's relationship with other tenants. Accordingly, as a material inducement for Landlord to enter into this Lease, Tenant, on behalf of itself and its partners, managers, members, officers, directors, employees, agents, and attorneys, agrees that it shall not disclose the terms and conditions of this Lease to any publication or other media or any tenant or apparent prospective tenant of the Building or other portion of the Project, or real estate agent or broker (other than the Brokers), either directly or indirectly.

(s) **Prevailing Party's Fees**. In the event that either party should bring suit or commence any suit or proceeding related to this Lease, 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]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

TENANT:

ITEOS THERAPEUTICS, INC.,
a Delaware corporation

By: /s/ Matthew Gall
Name: Matthew Gall
Title: Chief Financial Officer

LANDLORD:

ARE-MA REGION NO. 75, 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/ Allison Grochola
Name: Allison Grochola
Title: SVP – Real Estate Legal Affairs

Translated from the original French

EMPLOYMENT CONTRACT

BETWEEN

The company	**iTeos Belgium SA**
Having its registered address at	Rue des Freres Wright 29 3041 Gosselies – Belgium
Company number:	0838.316.659
Represented by	Philippe Brantegem
In his capacity as	Vice-President Human Resources

Hereafter referred to as « **the Employer » or** « **the Company »**

AND

Mrs.	Yvonne McGrath
Residing at	[***]

Hereafter referred to as « **the Employee »**

IT IS AGREED AS FOLLOWS:

Article 1 – Nature of the employment contract / Duration

The Employer engages Yvonne McGrath as Employee.

This employment contract is concluded for an unlimited duration and will take effect at the latest on May 18, 2020.

Article 2 – Functions

The Employee is hired to carry out all tasks and to fulfill all duties assigned to her and which are in line with her competences. The first function assigned to the Employee is Vice-President Research & Development.

The flexibility that is expected of the Employee concerning the execution of her duties and functions is an essential element of the contract. The Parties agree that the performed duties and functions are not an essential element of the employment contract.

The Parties also agree that the duties and functions assigned to the Employee will always be of a similar standard and that potential modifications shall never have a negative impact on the Employee's remuneration as provided for in Article 5 of this employment contract.

The Employee acknowledges and agrees that the Company’s organization chart, the person to whom she is required to report and, where applicable, the number of team members, do not constitute essential terms of the present employment contract and may be modified by the Company in accordance with business requirements.

Article 3 – Place of work

On the day of the conclusion of the present employment contract, the place of work is the operating unit located at 29, rue des Freres Wright, 6041 Gosselies.

The Employee expressly agrees that the place of work does not constitute an essential term of her employment contract and may be modified by the Company in accordance with business requirements. In addition, the Employee agrees to travel whenever necessary for the proper execution of her contract.

In addition to her functions in Belgium, the Employee may be entrusted with certain temporary assignments abroad. The Employee shall, at the request of the Company, participate in meetings, the duration of which is not determined or determinable, with other members of the Company's staff, at the head office or elsewhere.

Article 4 – Working hours

The Employee is employed on a full-time basis in accordance with a work schedule defined in the work regulations, determined in agreement with her superior.

The Employee agrees that her work schedule does not constitute an essential term of the employment contract and that it may be modified by the Company in accordance with business requirements.

The Employee will not perform overtime without the Company’s prior written consent. Furthermore, in accordance with the new article 25 bis of the law of 16 March 1971, the Employee agrees to voluntarily work any overtime hours that may be requested by the Company, up to the maximum number of hours set by the Law (120 hours on the date of signature of the present Contract), for a period of 6 months from the date of signature of the present Contract. The Employee further undertakes to renew her written agreement to voluntarily work any overtime requested by her employer for any period after this first 6-month period. The Employee who has so volunteered for a period of 6 months shall be obliged to work the overtime hours requested by the Company during that period. These voluntary overtime hours are not taken into account for the purpose of verifying compliance with the average weekly working time and therefore do not give right to any compensatory rest.

Article 5 – Remuneration

The monthly remuneration is fixed at 17,959.77 euros gross.

The remuneration of the Employee shall be paid into bank account number designated by the Employee, after deduction of social security contributions, withholding tax and other charges.

In accordance with the conditions laid down in the applicable legal provisions, the Employee will receive an end-of-year bonus and holiday pay.

Article 6 – Gratifications

Any other amount or benefit, under any name (e.g., bonus, premium, commission, etc.), that would potentially be granted to the Employee, but that is not mentioned in Article 5, shall not be considered as remuneration in return for work, but merely as a gratification. The decision to grant such gratification, as well as the terms and conditions hereof, result from the Company's sole discretion.

The fact that the Employee has received such an amount or benefit during a given year or even several years in a row, does not give rise to a right to the same amount or benefit in the future. The creation of an established custom is hereby explicitly excluded.

The Parties acknowledge that every amount or benefit that would be granted to the Employee constitutes in part a retention element, intended to strengthen their employment relationship, and is therefore only definitively acquired if and when the Employee is still employed at the moment of its granting and payment. Such amount or benefit is thus always undividable.

Without prejudice to the above, the Employee will participate in a yearly annual bonus plan in the framework of which the Employee can receive an amount of 35% of her fixed gross yearly salary in function of the achievement of objectives that are determined by the Parties in mutual agreement on a yearly basis. In the absence of such agreement between the Parties regarding the objectives, no bonus will be due. Such bonus is undividable and will only be acquired if and when the Employee is still employed at the moment of its granting and payment and is not on any form of notice.

Article 7 – Annual vacation

The Employee shall be entitled to a maximum of 20 working days of annual vacation for a 100% performance per calendar year, in accordance with the legal provisions, in addition to the 10 statutory holidays.

In the month of May, the Employee shall receive her vacation pay in accordance with the relevant legal provisions.

Vacation days which have not been taken in a calendar year cannot be carried over.

Article 8 – Special provisions

The Employee shall benefit from the following remuneration elements under the conditions provided for in the applicable regulations and provided that she accepts these conditions:

(i) Affiliation to a **pension insurance** applicable within the Company at the moment of entry into service, on the condition that the Employee fulfills all affiliation conditions.

(ii) Affiliation to a **hospitalization insurance** in accordance with the regulations of the relevant hospitalization insurance.

If the Company, in accordance with the rules of the relevant hospitalization insurance, can offer the Employee the opportunity to affiliate her family members to the relevant hospitalization insurance, the premiums for this affiliation will be borne by the Employee and will be withheld by the Company from the Employee's remuneration as referred to in Article 5 of this employment contract.

(iii) A **lump sum expense allowance** of 250 EUR per month.

(iv) A **company car** (including a fuel card valid only in Belgium) which may be used for private purposes within reasonable limits.

(v) **Participation in a stock option plan**

(vi) A **mobile phone** with a subscription at the Employee’s disposal which may be used for private purposes within reasonable limits in accordance with the Company's guidelines and policies.

(vii) A **laptop computer** at the Employee's disposal which may be used for private purposes within reasonable limits in accordance with the Company's guidelines and policies.

(viii) A **company car** (including a fuel card valid only in Belgium) which may be used for private purposes within reasonable limits.

(ix) A **sign-on bonus** equivalent to €100,000 gross payable with the payroll of the month following the employee's hiring. The employee agrees to repay this entire amount (after deduction of expenses) in the event of resignation within 2 years from the date of the employee's entry into service.

In addition, the Company will grant an electronic **meal voucher** to the Employee per day during which the Employee effectively performs work and this irrespective of the duration of these performances.

The electronic meal vouchers are credited once every month to the Employee's meal voucher account, in her name, in function of the foreseen number of days of that month during which the Employee will effectively perform work. At the latest on the first day of the month following the

quarter, the number of electronic meal vouchers is brought into line with the number of days of that quarter during which the Employee has effectively performed work.

The validity period of the electronic meal vouchers is limited to twelve months as of the moment the electronic meal vouchers are credited to the meal voucher account.

The electronic meal voucher can only be used as payment for any purpose authorized by law.

The number of electronic meal vouchers and their gross amount less personal Employee contributions, shall be listed on each pay slip.

Before using the electronic meal vouchers, the Employee can check the balance and validity period of the meal vouchers granted to her and which have not yet been used.

The electronic meal vouchers are provided by a licensed distributor.

The use of electronic meal vouchers does not entail any costs for the Employee, except in case of theft or loss. In the latter case, the Employee will bear the costs of the replacement of the carrier (card). These costs will be deducted from the next net remuneration due to the Employee, unless the Employee objects. However, this provision does not apply to the first two requests for replacement of the card. In any case, the cost of the replacement carrier in case of theft or loss cannot exceed the nominal value of one meal voucher.

The Company's contribution to the cost of the electronic meal voucher is 6,91 EUR. The Employee's contribution is 1,09 EUR. The nominal value of each electronic meal voucher will therefore be 8,00 EUR.

The Parties explicitly agree that this article shall automatically cease to sort its effect in case of modification of the applicable legal provisions to meal vouchers with regard to fiscal law and/or social security.

Article 9 – Exclusivity

If the Employee wishes to engage in additional professional activities, alongside her work for the Company, she shall notify the Company in advance. In this respect, the Employee undertakes to refrain from engaging in any activity that could cause a conflict of interest or, more generally, could have a negative impact on the performance of her employment contract.

Furthermore, the Employee shall not take part directly or indirectly in any professional or non-professional event whose subject matter could in any way conflict with the interests of the Employer or its clients, without having notified the Employer in writing in advance.

The Employee may not make public statements about her belonging to the Employer's company without the express authorization of the Employer.

Article 10 – Confidentiality/Property

The Employee acknowledges that, within the framework of the present contract, she will have access to confidential information of the Company and that the misuse of this confidential information may result in substantial loss and damage to the Company.

Is considered, among others, as “Confidential Information” any information relating to trade secrets, business secrets or personal or confidential information of which the Employee may have knowledge of in the course of the execution of her professional activity (whether or not registered, and regardless of the form, media or person who registered it) and relating to all or part of the Company, its property, assets, business, products, services, finances, management, administration or customers and which are confidential to the Company, or which are treated by the Company as confidential, which could enable the Company or its customers to gain a competitive advantage over its competitors who do not have access to such information, including, in particular (but without limiting the generality of the foregoing), all purchasing policies, marketing information, technical secrets, scientific data, business and know-how, exclusive information, inventions and developments, customer lists and financial plans. The Company, any Company of the Group, their customers or suppliers are not required to designate any information as Confidential Information in order for it to be considered as such.

The Employee undertakes to use or disclose Confidential Information only to the extent necessary to perform the present contract and for the exclusive benefit of the Company and, in any event, not to disclose any Confidential Information to any person or entity outside the Company, except under a confidentiality agreement and with the prior and written consent of the Company. The Employee also undertakes not to disclose to any person or entity and not to use any Confidential Information beyond the term of the present contract without the Company's prior and written consent. The Obligation of Confidentiality applies during the execution of the present contract as well as after its termination, without limitation in time.

Both during the execution of the present contract and after its termination, the Employee undertakes to refrain from engaging in or cooperating with any act of unfair competition.

Any violation of these provisions, however slight, may be considered as serious cause, without prejudice to the right of the Employer to file a complaint on the basis of Article 309 of the Penal Code.

The Employee acknowledges that the Company has in its possession, from time to time, information which others consider to be their exclusive property and which the Company has agreed to keep confidential. The Employee acknowledges that all such information is Confidential Information for the purposes of the present contract.

All originals and copies of all drawings, prints, diagrams, notes, memoranda, and other materials and writings which contain, represent, evidence, record or constitute Confidential Information, produced in any manner and at any time (by the Employee or any other person), whether or not patentable or subject to copyright protection, shall be the sole property of the Company and shall be returned to the Company upon its request and in any event upon termination of the present contract, regardless of the reason for termination of the present contract. This enumeration is not limitative.

The Employee shall ensure that written copies of the Confidential Information disclosed to or created by the Employee (which under this article are the exclusive property of the Company) shall be created, stored and filed in accordance with the Company's written instructions.

Article 11 – Intellectual Property

In the present article, the following words and phrases, whether in the singular or plural, shall have the following meaning:

“Works” – all works, documents, texts, plans, analyses, presentations, drawings, schemes, results, calculations, formulas, tests, cell constructions, compounds, reports, manuals, procedures, prototypes, protocols, models, systems, tools, materials, software, inventions, discoveries, diagrams, technologies, creations, improvements, and any other results of research and development, whether or not patentable or protectable by intellectual property rights, to be created, developed, produced or constructed by the Employee in the execution of the present contract or in connection with any activity which, at the time of the creation of the Work, is within the scope of the Company's business or which is being actively pursued or considered by the Company at that time, during or after normal working hours, whether alone or in cooperation with others, within or outside the Company's premises, whether or not by means of materials or equipment and/or know-how made available by the Company to the Employee.

“Know-How” – all technical or other information which the Employee acquires during the present contract, either in the execution of the present contract or which relates to any activity which, at the time of the creation of the information, is within the scope of the Company's business or activities which are being actively pursued or considered by the Company at that time, and which include, but are not limited to, all data, formulas, methods, ideas, specifications, procedures, chemical structures, genes, vectors, clones, cell lines, antibodies, cell expression systems, cell constructs, developments, microorganisms, mutations, test systems, assay protocols and materials for purification and techniques.

“Intellectual Property Rights” – all intellectual property rights and proprietary rights of any territory in the world, whether registered or unregistered, which include but are not limited to copyrights, neighboring rights, domain name rights, database rights, trademarks, designs and models, utility models, patents, supplementary protection certificates, and any applications for trademarks, designs and models, utility models, patents and supplementary protection certificates, as well as trade secrets.

“Patent Applications and Utility Model Applications” – all future patent or utility model applications relating to the Works and/or Know-How.

“Patents” – all patents issued following to or in accordance with the Patent Applications and include, but are not limited to, any extension, enlargement or publication thereof, or any part thereof.

“Utility Models” – all utility models issued following to or in accordance with Utility Model Applications and include, but are not limited to, any extension, enlargement or publication thereof, or any part thereof.

The Employee agrees to fully inform the Company, immediately following the creation, development, design, production and/or construction of a Work or Know-How of the design thereof, and the Employee shall make all Works and Know-How available exclusively to the Company. The Company alone shall have the right to file Patent Applications or Utility Model Applications or other protection relating to a Work and/or Know-How.

By the present contract, the Employee transfers and assigns to the Company, which accepts, fully, exclusively, irrevocably, for the whole world, all Intellectual Property Rights, including but not limited to Patents, Utility Models, Patent Applications and Utility Model Applications, which are related to the Work and/or Know-How, from the moment of their creation and for the whole duration of the Intellectual Property Rights. The Employee shall not herself file any Patent Application or Utility Model Application or any other Intellectual Property Rights relating to a Work and/or Know-How.

The above transfer and cession include, but are not limited to, the right of the Company to reproduce, exploit, multiply, modify, adapt, translate, broadcast, publish, rent, lend, exhibit, make available to the public, offer for sale, sell, use, transfer and grant a license on the Works and/or Know-How, by itself or by a third party, regardless of form, means or purpose. The Employee acknowledges that the Company has the exclusive right to use all the Works, Know-How, Patent Applications, Utility Model Applications and any other Intellectual Property Rights that are related to the Works and/or Know-How. The Employer agrees that this transfer shall be made to the fullest extent possible, as permitted by law, without any limitation in time and without any remuneration other than the remuneration provided for in Article 5 of the present contract.

The Employee declares that she has by the present contract assigned to the Company all Intellectual Property Rights relating to the Works and/or Know-How. The Company acquires, from the Employee, all rights of action, powers and benefits related to the Intellectual Property Rights relating to the Works and/or Know-How, including the right to take legal action against any infringement of these rights and the right to obtain damages.

If the Company (without being obliged to do so) chooses to protect the Works and/or Know-How, or parts thereof, by means of registered Intellectual Property Rights, the Employee shall upon first request provide the Company with all necessary or useful information and assistance in this respect. In particular, the Employee shall sign all documents and formalities necessary for the application, filing and enforcement of such protection, including the maintenance and renewal of such protection, even after the termination of the present contract.

The Employee further agrees that she irrevocably appoints and designates one of the Company's directors as her personal agent and official representative, to take such steps and execute such documents as the Company considers necessary or desirable to protect its rights and interests, with respect to any Work, Know-How or Intellectual Property Rights that relate to the Works and Know-How.

The Employee shall not object to modifications or alterations of the Works and Know-How that do not harm its reputation and agrees that her name shall not be mentioned on the Works, in Patent

Applications, Utility Model Applications, in other Intellectual Property Rights applications and/or in publications about the Work.

The Employee shall notify the Company immediately if she would be informed of an infringement to the Rights.

Article 12 – Nullity

The eventual nullity or non-applicability of one or more of the provisions contained in this contract shall not entail the nullity of the entire contract.

Article 13 – Regulations

The Employee confirms having received a copy of the following documents, as applicable at the moment of the conclusion of this employment contract:

x	the work rules
x	the addendum regarding the processing of personal data
x	the agreement and policy regarding the use of a laptop computer
x	the agreement and policy regarding the use of a cell phone

The Employee confirms to have taken note of the contents of these documents.

The Employee is aware that these documents may be modified from time to time by the Company and that the most recent version is always available.

Article 14 – Notifications between Parties

Any notification by a Party is deemed to be valid if it is sent to the postal address of the other Party as stated in this employment contract. The modification of the postal address of a Party is only opposable to the other Party if notified in writing (email is sufficient).

Article 15 – Previous agreements

The present contract supersedes any previous agreement, whether oral or written, concluded between the Employer and the Employee in the past.

Article 16 – Applicable Law

In the event of any dispute relating to the existence, interpretation or execution of this contract, the Parties explicitly agree that Belgian law shall apply.

Executed in Gosselies, on April 7, 2020 in two original copies, each Party acknowledging having received one original.

Read and approved

/s/ Yvonne McGrath * /s/ Philippe Brantegem _____

Yvonne McGrath Philippe Brantegem

Vice-president Human Resources

(Precede the signature with the words "read and approved" and sign all pages)

Exhibit 21.1

List of Subsidiaries

Subsidiary	Jurisdiction of incorporation or organization
iTeos Therapeutics S.A.	Belgium
iTeos Securities Corporation	Massachusetts
iTeos BE, LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-254670 and 333-240144 on Form S-8 of our report dated March 23, 2022, relating to the financial statements of iTeos Therapeutics, Inc. appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Zaventem, Belgium
March 23, 2022

Exhibit 31.1

CERTIFICATION 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

I, Michel Detheux, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2021 of iTeos Therapeutics, Inc., (the "Registrant");

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(s) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) 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

   (d) 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(s) 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: March 23, 2022

By: /s/ Michel Detheux

Michel Detheux
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION 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

I, Matthew Gall, certify that:

1. I have reviewed this Annual Report on 10-K for the year ended December 31, 2021 of iTeos Therapeutics, Inc., (the "Registrant");

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(s) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) 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

   (d) 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(s) 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: March 23, 2022

By: /s/ Matthew Gall

Matthew Gall
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of iTeos Therapeutics, Inc. (the "Company") on Form 10-K for the period ending December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 23, 2022

By: /s/ Michel Detheux
Michel Detheux
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to iTeos Therapeutics, Inc. and will be retained by iTeos Therapeutics, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of iTeos Therapeutics, Inc. (the "Company") on Form 10-K for the period ending December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 23, 2022

By: /s/ Matthew Gall
Matthew Gall
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to iTeos Therapeutics, Inc. and will be retained by iTeos Therapeutics, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.