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

FORM 10-KT

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

For the fiscal year ended
OR

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

FOR THE TRANSITION PERIOD FROM January 1, 2026 TO June 30, 2026

Commission File Number: 001-37985

ANAPTYSBIO, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-3828755**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

10770 Wateridge Circle, Suite 210
San Diego, CA 92121
(Address of principal executive offices and zip code)

(858) 362-6295
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value	ANAB	The Nasdaq Stock Market LLC

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 Section 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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 voting common equity held by non-affiliates of the Registrant was $632,722,403 as of December 31, 2025.

The number of shares of Registrant's common stock outstanding was 29,895,244 as of September 16, 2026.

TABLE OF CONTENTS

PART I

EXPLANATORY NOTE

As previously disclosed, on May 18, 2026, the Board of Directors of AnaptysBio, Inc. approved a change to our fiscal year end from December 31 to June 30 of each calendar year, effective for the 2026 fiscal year. We filed all required periodic reports under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and pursuant to Rule 15d-10(e)(2) of the Exchange Act, including the Form 10-Q for the period ended March 31, 2026 and this Transition Report on Form 10-KT for the six-month transition period of January 1, 2026 through June 30, 2026. We will file quarterly reports based on the new fiscal year beginning with the quarter ending September 30, 2026, pursuant to Rule 15d-10(e)(2) of the Exchange Act.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-KT ("Annual Report") contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"). The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "intend," "could," "would," "project," "plan," and "expect," and similar expressions that convey uncertainty of future events or outcomes, are intended to identify forward-looking statements.

The forward-looking statements in this report include, among other things, statements about:

- the expected future royalty revenues from *Jemperli* under our collaboration agreement with GSK;
- the current and future commercial success of *Jemperli*;
- the extent and effectiveness of GSK's development, commercialization, sales, marketing and distribution of *Jemperli*;
- the timing of and the ability to obtain and maintain regulatory approvals for our collaborators' products and product candidates for which we currently receive or may receive royalties;
- the rate and degree of market acceptance and clinical utility of *Jemperli* and Quimilza, formerly referred to as imsidolimab;
- regulatory developments in the United States ("U.S.") and foreign countries;
- the impact of political, economic or public health events on our business and the U.S. and global economies;
- our ability to attract and retain key management personnel;
- general macroeconomic factors, including volatility in equity markets, and fluctuations in interest rates, foreign exchange rates and political and regulatory developments or changes in trade policy, including tariffs;
- the success, benefits or costs of the recent separation of the Company's operations into two independent, publicly traded companies; and
- our estimates regarding expenses, future revenue, capital requirements, and needs for additional financing.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in Item 1A, "Risk Factors," and elsewhere in this Annual Report. Moreover, we operate in a competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the forward-looking events and circumstances discussed in this Annual Report may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update publicly any forward-looking statements to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this Annual Report with the understanding that our actual future results, levels of activity, performance, and events and circumstances may be materially different from what we expect.

Unless the context indicates otherwise, as used in this Annual Report, the terms "AnaptysBio," "Anaptys," "company," "we," "us" and "our" refer to AnaptysBio, Inc., a Delaware corporation, and its subsidiaries taken as a whole, unless otherwise noted. AnaptysBio is our common law trademark. This Annual Report contains additional trade names, trademarks, and service marks of other companies, which are the property of their respective owners. We do not intend our use or display of other companies' trade names, trademarks, or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.

PART I

Item 1. Business

Overview

AnaptysBio manages the financial collaborations for a PD-1 antagonist (*Jemperli* (dostarlimab-gxly) or "*Jemperli*") with TESARO, Inc. ("Tesaro"), an oncology-focused biopharmaceutical subsidiary of GSK (Tesaro and GSK are hereinafter referred to, collectively, as "GSK") and an IL-36R antagonist ("Quimilza" formerly referred to as imsidolimab) with Vanda Pharmaceuticals Inc. ("Vanda"), with a focus on protecting and returning the value of its royalties to shareholders. We recognize revenue from royalties and milestones achieved under our immuno-oncology collaboration with GSK and license and transition services revenue from our collaboration with Vanda.

First Tracks Biotherapeutics Separation

In September 2025, we announced that our board of directors ("Board of Directors") approved plans to explore separating our business into two independent, publicly traded companies. We would hold and continue to manage the financial collaboration for *Jemperli* with GSK and for Quimilza with Vanda, with a focus on protecting and returning value of the royalties to its stockholders. The spun-out company would be a clinical-stage biotechnology company focused on the development and potential commercialization of innovative therapeutics for autoimmune and inflammatory diseases, including ANB033, rosnilimab, and ANB101. This separation (the "Spin-Off") was completed on April 20, 2026.

The Spin-Off of First Tracks Biotherapeutics, Inc. ("First Tracks Biotherapeutics") was achieved through our pro rata distribution of 29,100,902 shares of common stock of First Tracks Biotherapeutics to holders of record of our common stock. Each holder of record of our common stock received one share of First Tracks Biotherapeutics' common stock for every one share of our common stock held on April 6, 2026, the record date for the distribution.

In connection with the Spin-Off, we entered into a separation and distribution agreement (the "Separation and Distribution Agreement") with First Tracks Biotherapeutics. The Separation and Distribution Agreement identifies the assets transferred to (including the contracts assigned) or retained by, and the liabilities assumed or retained by, each of us and First Tracks Biotherapeutics. Pursuant to the Separation and Distribution Agreement, on the Distribution Date, $100 million in cash and cash equivalents was allocated to First Tracks Biotherapeutics from us. Furthermore, all accounts payable and accrued liabilities were assumed by us. The results of First Tracks Biotherapeutics are included within discontinued operations in our consolidated financial statements.

Collaborative Programs

GSK Collaboration

In March 2014, we entered into a Collaboration and Exclusive License Agreement with GSK (the "GSK Agreement"), focused on immuno-oncology. Under the GSK Agreement, GSK is developing *Jemperli* (dostarlimab) as a monotherapy and in combination with additional therapies, for various solid tumor indications.

Under the GSK Agreement, a Biologics License Application ("BLA") for a PD-1 antagonist antibody was approved by the FDA in April 2021 for the treatment of advanced or recurrent deficient mismatch repair endometrial cancer ("dMMREC"). In February 2023, the FDA granted full approval for this indication. In addition, in April 2021, the European Medicines Agency ("EMA") granted conditional marketing authorization in the European Union ("EU") for *Jemperli* for use in women with mismatch repair deficient ("dMMR")/microsatellite instability-high ("MSI-H") recurrent or advanced endometrial cancer who have progressed on or following prior treatment with a platinum containing regimen. A second FDA approval was received in August 2021 for *Jemperli* in pan-deficient mismatch repair tumors (PdMMRT). In July 2023, the FDA approved *Jemperli* in combination with chemotherapy for the treatment of adult patients with dMMR MSI-H primary advanced or recurrent endometrial cancer. In December 2023, the EMA approved *Jemperli* plus chemotherapy for dMMR/MSI-H primary advanced or recurrent endometrial cancer. In August 2024, the FDA approved *Jemperli* plus chemotherapy for all adult patients with primary advanced or recurrent endometrial cancer. In January 2025, the EMA approved *Jemperli* plus chemotherapy for this same indication.

In August 2026, the FDA accepted the sBLA for *Jemperli* in patients with previously untreated stage II and III mismatch repair deficient (dMMR)/microsatellite instability-high (MSI-H) locally advanced rectal cancer with a target action date of February 2027.

For dostarlimab, under the GSK Agreement we are eligible to receive milestone payments if certain European regulatory submissions and approvals in multiple indications are achieved. On October 23, 2020, Amendment No. 3 to the GSK Agreement (the “GSK Amendment No. 3”) was agreed to by both parties to permit GSK to conduct development and commercialization in combination with any third party molecules of Zejula, an oral, once-daily poly (ADP-ribose) polymerase (PARP) inhibitor (“Zejula”). Under GSK Amendment No.3, we were granted royalties upon sales of *Jemperli*, equal to 8% of Net Sales (as defined in the GSK Agreement) below $1.0 billion, 12% of Net Sales between $1.0 billion and $1.5 billion, 20% of Net Sales between $1.5 billion and $2.5 billion and 25% of Net Sales above $2.5 billion. Unless earlier terminated by either party upon specified circumstances, the GSK Agreement will terminate, with respect to each specific developed product, upon the later of the 12th anniversary of the first commercial sale of the product or the expiration of the last to expire of any patent.

In October 2021, we signed a royalty monetization agreement (“*Jemperli* Royalty Monetization Agreement”) with Sagard. Under the terms of the *Jemperli* Royalty Monetization Agreement, we received $250.0 million in exchange for royalties and milestones payable to us under our GSK collaboration on annual global net sales of *Jemperli*.

In May 2024, we entered into an amendment to the *Jemperli* Royalty Monetization Agreement, Amendment No. 1 (the “*Jemperli* Amendment”) under which we sold additional receivables to Sagard in exchange for $50.0 million. The *Jemperli* Amendment includes all *Jemperli* sales, including any product containing *Jemperli*, whether or not such product constitutes a combination product, and the threshold amounts of aggregate *Jemperli* royalties and milestones to be received by Sagard under the *Jemperli* Amendment are either $600.0 million if received by the end of March 31, 2031, or $675.0 million if received thereafter. Once either of these thresholds is met, the *Jemperli* Royalty Monetization Agreement and the *Jemperli* Amendment will expire, resulting in us regaining all subsequent *Jemperli* royalties and milestones. As of June 30, 2026, Sagard has earned approximately $302.5 million in royalties and milestones. For more information, see Note 5 — Sale of Future Royalties in the accompanying notes to the consolidated financial statements included in Part II, Item 8, “Consolidated Financial Statements and Supplementary Data” of this Annual Report on Form 10-KT.

The GSK Agreement, as amended, expires when no further payments are due to us, unless earlier terminated. Either party may terminate the GSK Agreement, as amended, in the event of an uncured material breach by the other party. GSK may terminate the GSK Agreement, as amended, at any time upon 90 days’ prior written notice to us.

For the six months ended June 30, 2026, GSK reported $644.1 million in sales for *Jemperli*, a greater than 30% sales growth when compared to $494.3 million for the six months ended June 30, 2025.

Vanda Collaboration

On January 31, 2025, we entered into an Exclusive License Agreement (the “Vanda License Agreement”) with Vanda pursuant to which we granted to Vanda an exclusive, global license for the development and commercialization of Quimilza (IL-36R antagonist mAb), which has completed two registration-enabling global Phase 3 trials, GEMINI-1 and GEMINI-2, evaluating the safety and efficacy of Quimilza in patients with generalized pustular psoriasis (“GPP”).

In December 2025, Vanda announced the submission of a BLA to the FDA for Quimilza in GPP. The FDA accepted the BLA filing for Quimilza in GPP in February 2026 with a target action date of December 12, 2026.

In August 2026, Vanda announced Quimilza received Orphan Drug Designation from the European Commission, based on the positive opinion received from the EMA Committee for Orphan Medicinal Products (“COMP”), for the treatment of GPP. The FDA and Japan’s Ministry of Health, Labour and Welfare have previously granted Orphan Drug Designation to Quimilza for the treatment of GPP.

Pursuant to the terms of the Vanda License Agreement, we received an upfront payment of $10.0 million and a $5.0 million payment for existing drug supply. We are also eligible to receive a 10% royalty on net sales.

The Separation and Distribution Agreement provides that any and all rights to receive milestone payments under the Vanda License Agreement will be allocated to First Tracks Biotherapeutics. For more information about these collaborations, see Note 4 — Collaborative Research and Development Agreements in the accompanying notes to the consolidated financial statements included in Part II, Item 8, “Consolidated Financial Statements and Supplementary Data” of this Annual Report on Form 10-KT.

Our Strategy

AnaptysBio manages the financial collaborations for *Jemperli* with GSK and Quimilza with Vanda, with a focus on protecting and returning the value of its royalties to shareholders. The key elements of our strategy include the following:

- Manage the financial collaborations for *Jemperli* with GSK and Quimilza with Vanda, with a focus on protecting and returning their value to shareholders;
- Virtual operating model with less than ~10 FTEs operating as contractors to support the essential functions of a public company;
- Target annualized operating expenses of less than $10 million and a greater than 95% EBIT margin.

As described in the section titled “Risk Factors” and elsewhere in this Annual Report, the clinical development of drug product candidates is subject to a wide range of risks and uncertainties, any of which could cause our actual development strategy or timeframes to vary.

Intellectual Property

Our success depends in significant part on our ability and on the ability and willingness of our licensees and collaborators to establish, maintain and protect patents and other intellectual property rights covering licensed products and to operate without infringing the intellectual property rights of others. Although we may own or co-own patents and patent applications underlying our current royalty-bearing licenses, we have granted exclusive licenses rights under these patent portfolios to third parties for development, regulatory approval, manufacture, commercialization and related activities. We do not expect to conduct further research and development activities or develop or commercialize products directly. As a result, our future business is expected to consist principally of collecting royalties and other payments from licensees and collaborators while maintaining a limited-cost infrastructure.

The patent portfolios for our out-licensed programs are outlined below:

Dostarlimab (GSK4057190)

As of June 30, 2026, we owned or co-owned 27 patents and patent applications in various countries directed to the antibody sequence of GSK4057190 (dostarlimab), a PD-1 antagonist, and its variants, methods of use and related matters. We intend to prosecute our pending applications, and/or other patent applications claiming priority thereto, and pursue patent issuance and protection in key commercial markets where significant product sales may occur. Patents that have issued, or that may issue from or claim priority to our pending applications, could provide protection for aspects of this product until June 2038.

Quimilza

As of June 30, 2026, we owned 45 patents and patent applications in various countries directed to the antibody sequence of Quimilza and its variants, methods of use and related matters. We intend to prosecute our pending applications, and/or other patent applications claiming priority thereto, and pursue patent issuance and protection in key commercial markets where significant product sales may occur. Patents that have issued, or that may issue from or claim priority to our pending applications could provide protection for aspects of this product candidate until May 2042.

Other Intellectual Property Matters

The patent positions of biotechnology companies are generally uncertain and involve complex legal, scientific and factual questions. In addition, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Consequently, our collaborators may not obtain or maintain adequate patent protection for any of our product candidates. We cannot predict whether the patent applications our collaborators are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient proprietary protection from competitors. Any patents that our collaborators hold may be challenged, circumvented or invalidated by third parties. For a more comprehensive discussion of the risks related to our intellectual property, please see "Risk Factors— Risks Related to Our Intellectual Property."

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which our collaborators file, the patent term is 20 years from the earliest date of filing a non-provisional patent application related to the patent. A U.S. patent also may be accorded a patent term adjustment ("PTA") under certain circumstances to compensate for delays in obtaining the patent from the U.S. Patent and Trademark Office ("USPTO"). In some instances, such a PTA may result in a U.S. patent term extending beyond 20 years from the earliest date of filing a non-provisional patent application related to the U.S. patent. In addition, the term of a U.S. patent that covers an FDA-approved drug may also be eligible for patent term extension, which permits patent term restoration as compensation for the patent term lost during the FDA regulatory review process. The Hatch-Waxman Act permits a patent term extension of up to five years beyond the expiration of the patent. The length of the patent term extension is related to the length of time the drug is under regulatory review. Patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval and only one patent applicable to an approved drug may be extended. Similar provisions are available in Europe and other foreign jurisdictions to extend the term of a patent that covers an approved drug. In the future, if and when our out-licensed products receive FDA approval, we expect our collaborators to apply for patent term extensions on patents covering those products. Our collaborators may seek patent term extensions to any of the issued patents in any jurisdiction where these are available, however there is no guarantee that the applicable authorities, including the FDA in the United States, will agree with our collaborators' assessments of whether such extensions should be granted, and if granted, the length of such extensions.

Our collaborators also rely on trade secrets relating to our out-licensed product candidates and seek to protect and maintain the confidentiality of proprietary information to protect aspects of their businesses that are not amenable to, or that they do not consider appropriate for, patent protection. Although our collaborators may take steps to protect their proprietary information and trade secrets, including through contractual means with their employees and consultants, third parties may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to their trade secrets or disclose their technology. Thus, we may not be able to meaningfully protect our out-licensed trade secrets.

It is our policy to require our employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information concerning our business or financial affairs developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. Our agreements with employees also provide that all inventions conceived by the employee in the course of employment with us or from the employee's use of our confidential information are our exclusive property.

Competition

The biotechnology and pharmaceutical industries are characterized by continuing technological advancement and significant competition. While we believe that our out-licensed products and our collaborators' technology, knowledge, experience and scientific resources provide us with competitive advantages, we face competition from major pharmaceutical and biotechnology companies, academic institutions, governmental agencies and public and private research institutions, among others. Our out-licensed products and our collaborators' product candidates that are successfully developed and commercialized will compete with existing therapies and new therapies that may become available in the future. Furthermore, academic institutions, government agencies and other public and private organizations conducting research may seek patent protection with respect to potentially competing products or technologies and may establish collaborative arrangements with our collaborators' competitors. The level of generic competition and the availability of reimbursement from government and other third party payors will also significantly affect the pricing and competitiveness of our out-licensed products. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market.

Products for which we have a royalty receivable or other interest may be rendered obsolete or non-competitive by new or alternate products, including generics or biosimilars, improvements on existing products or governmental or regulatory action. In addition, as biopharmaceutical companies increasingly devote significant resources to innovate next-generation products and therapies, products on which we have a royalty may become unattractive to commercialize or obsolete.

Government Regulation

In the United States, pharmaceuticals and biological products are subject to regulation by both federal and various state authorities, including the FDA. The Federal Food, Drug and Cosmetic Act and, for biological products, the Public Health Service Act, govern, among other things, the research, development, testing, manufacture, quality control, approval, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, post-approval monitoring and reporting, and import and export of pharmaceutical products, and there are other comparable laws and regulations that apply at the state level and in other jurisdictions, including the European Union. The processes for obtaining regulatory approvals in the United States and in foreign countries and jurisdictions, along with subsequent compliance with applicable statutes and regulations and other regulatory authorities, require the expenditure of substantial time and financial resources and failure to comply with applicable regulatory requirements can, among other things, result in delays, the suspension of regulatory approvals, as well as possible civil and criminal sanctions. Although we are not currently developing or marketing pharmaceutical or biological products, the activities of our collaborators may be subject to these requirements.

Development and FDA Review and Approval

FDA approval is required before a drug or biological product may be marketed in the United States. The FDA approval process generally requires the completion of extensive preclinical laboratory testing and animal studies, certain of which must be conducted in accordance with Good Laboratory Practice regulations and other applicable requirements. Before clinical studies in humans may begin, the sponsor must submit an Investigational New Drug application ("IND") to the FDA, which must become effective, and each clinical study must receive approval from an independent institutional review board ("IRB") or ethics committee at each participating clinical site.

Following initiation of clinical development, the sponsor must conduct adequate and well-controlled clinical studies in accordance with Good Clinical Practice ("GCP") requirements to establish the safety and efficacy of a drug candidate or, in the case of a biological product, its safety, purity, and potency for each proposed indication. After completion of the pivotal clinical studies, the sponsor must prepare and submit to the FDA a New Drug Application ("NDA"), or Biologics License Application ("BLA"), demonstrating the product's safety and efficacy or safety, purity, and potency, as applicable, based on analytical studies, nonclinical testing, and clinical trial results. As part of its review, the FDA must satisfactorily complete an inspection of the facility or facilities at which the proposed product is manufactured to assess compliance with current Good Manufacturing Practice ("cGMP") requirements. The FDA must complete its review and approve the NDA or BLA before the drug or biological product may be commercially marketed or sold in the United States.

Any products manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to record-keeping, reporting of adverse experiences, periodic reporting, and product sampling and distribution. Drug and biologic manufacturers and their subcontractors are subject to periodic unannounced inspections by the FDA and some state agencies for compliance with cGMPs. The FDA also closely regulates the marketing, labeling, advertising and promotion of drug products and biologics and, if violations occur, may require modifications to promotional materials or labeling and the issuance of corrective information, safety alerts, Dear Healthcare Provider letters, press releases, or other communications containing warnings or safety information about the product.

The FDA may withdraw approval of a product if applicable regulatory requirements and standards are not maintained or if problems arise after the product reaches the market. The later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, problems with manufacturing processes, or a failure to comply with applicable regulatory requirements, may result in a variety of regulatory actions, including a requirement by the FDA to revise the approved labeling to include new safety information or imposition of post-market studies or clinical trials to assess newly identified safety risks distribution or other restrictions under a Risk Evaluation and Mitigation Strategy.

Failure to comply with applicable regulatory requirements may also result in restrictions on the marketing or manufacturing of a product, withdrawal of the product from the market, or product recalls. The FDA may issue warning letters, place holds on post-approval clinical studies, refuse to approve pending applications or supplements to approved applications, or suspend or revoke existing product approvals. Other potential consequences include product seizure or detention, injunctions, imposition of fines or civil or criminal penalties, refusal to permit the import or export of products, consent decrees, corporate integrity agreements, debarment, or exclusion from federal healthcare programs.

Healthcare Laws, Coverage, Pricing and Reimbursement, and Healthcare Reform

The commercialization of pharmaceutical and biological products in the United States is subject to extensive federal and state healthcare laws and regulations, including laws relating to fraud and abuse, data privacy and security, government healthcare program reimbursement, pricing, reporting and transparency, privacy and security, and product distribution. Although we do not currently market, sell or distribute pharmaceutical or biological products, the activities of our collaborators may be subject to these requirements.

In addition, sales of licensed products, and consequently the royalties we may receive, may be affected by the availability and level of coverage and reimbursement from government and private third-party payors, as well as by legislative, regulatory and administrative measures intended to reduce healthcare costs or pharmaceutical prices. Third-party payors increasingly scrutinize pharmaceutical pricing, medical necessity and cost-effectiveness, and coverage policies and reimbursement rates may change over time. In markets outside the United States, government authorities may similarly regulate or influence pharmaceutical pricing and reimbursement.

Healthcare reform measures may also affect the pricing, coverage, reimbursement and utilization of licensed products. For example, the Inflation Reduction Act included provisions permitting the federal government to negotiate prices for certain drugs and biologics reimbursed under Medicare and imposing inflation-based rebates under certain circumstances. In addition, the current administration has pursued policies intended to establish most-favored-nation (“MFN”) pricing for certain prescription drugs and biologics, including through agreements with pharmaceutical manufacturers intended to align U.S. prices with prices paid in other developed countries and through initiatives to make certain products available to patients at MFN prices. The administration has also called on Congress to codify and expand its MFN pricing policies and has indicated that it may pursue additional regulatory and other measures to reduce prescription drug prices. These and other existing or future federal or state healthcare reforms could further reduce coverage or reimbursement, increase pricing pressure or otherwise adversely affect sales of licensed products.

The Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act (“FCPA”) prohibits any U.S. individual or business from paying, offering, or authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United States to comply with accounting provisions requiring us to maintain books and records that accurately and fairly reflect all transactions of the corporation, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations.

Additional regulation

In addition to the foregoing, our collaborators are also subject to numerous federal, state and local laws relating to such matters as safe working conditions, manufacturing practices, environmental protection, fire hazard control, and disposal of hazardous or potentially hazardous substances, including the Occupational Safety and Health Act, the Resource Conservation and Recovery Act and the Toxic Substances Control Act. These and other laws govern our use, handling and disposal of various biological, chemical and radioactive substances used in, and wastes generated by, our operations. If our operations result in contamination of the environment or expose individuals to hazardous substances, our collaborators could be liable for damages and governmental fines. We believe that our collaborators are in material compliance with applicable environmental laws and that continued compliance therewith will not have a material adverse effect on their business. We cannot predict, however, how changes in these laws may affect their future operations.

Europe / rest of world government regulation

In addition to regulations in the United States, our collaborators will be subject to a variety of regulations in other jurisdictions governing, among other things, clinical trials and any commercial sales and distribution of our products. Whether or not our collaborators obtain FDA approval of a product, our collaborators must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical trials or marketing of the product in those countries. Certain countries outside of the United States have a similar process that requires the submission of a clinical trial application much like the IND prior to the commencement of human clinical trials. In the United Kingdom (“UK”) and countries in the EU, for example, a Clinical Trial Authorisation (“CTA”) must be submitted to each country’s national health authority and an independent ethics committee, much like the FDA and IRB, respectively. Once the CTA is approved in accordance with a country’s requirements, clinical trial development may proceed. Because biologically sourced raw materials are subject to unique contamination risks, their use may be restricted in some countries. The requirements and process governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country. In all cases, the clinical trials are conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

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

Employees and Human Capital Resources

As of June 30, 2026, we have no direct full-time or part-time employees. To support our administrative, technical and operational functions, we rely entirely on independent contractors, outsourced professional service providers, and specialized personnel provided under the Transition Services Agreement (as defined below) with First Tracks Biotherapeutics.

Corporate Information

We were incorporated under the laws of the State of Delaware in November 2005. Our principal executive offices are located at 10770 Wateridge Circle, Suite 210, San Diego, California 92121, and our telephone number is (858) 362-6295. Our website address is www.anaptysbio.com. The information contained on, or that can be accessed through, our website is not part of, and is not incorporated by reference into, this report.

Available Information

We file Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other information with the SEC. Our filings with the SEC are available free of charge on the SEC’s website at *www.sec.gov* and on our website under the “Investors” tab as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this report, including our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our common stock. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations, and growth prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment.

<u>Summary of Risk Factors</u>

An investment in our common stock involves various risks, and prospective investors are urged to carefully consider the matters discussed in the section titled "Risk Factors" prior to making an investment in our common stock. These risks include, but are not limited to, the following:

- We derive substantially all of our revenues from GSK's commercialization of *Jemperli*. As a result, our business and financial results and prospects heavily depend on GSK's ability to successfully develop and commercialize *Jemperli*.
- Our existing collaboration with GSK and with Vanda, are important to our business. If we are unable to maintain the GSK collaboration, or if this collaboration is not successful, our business could be adversely affected.
- If the commercialization of *Jemperli* in the countries in which it has received regulatory approval encounters any delays or adverse developments, or perceived delays or adverse developments, or if sales or payor coverage does not meet investors', analysts', or our expectations, our business will be harmed and the price of our securities could fall.
- We are heavily dependent on GSK for the successful commercialization and development of *Jemperli* under the GSK Agreement. If GSK does not devote sufficient resources to the commercialization or development of *Jemperli*, is unsuccessful in its efforts, or chooses to reprioritize its commercial programs, our business would be materially harmed.
- *Jemperli* faces substantial competition for its intended uses in the targeted markets from products discovered, developed and commercialized both by GSK and by other pharmaceutical companies, which could cause the royalties payable to us pursuant to the GSK Agreement to be less than expected, which in turn would harm our business and cause the price of our securities to fall.
- If we are unable to obtain or protect intellectual property rights, we may not be able to compete effectively in our market.
- We currently operate with no employees and depend on a limited number of consultants and key executives. Our future success depends on our ability to retain these individuals and to attract, retain and motivate qualified personnel.
- The market price of our stock has been and may continue to be volatile, and you could lose all or part of your investment.

Risks Related to Continued Commercialization Success of *Jemperli*

We derive substantially all of our revenues from GSK's commercialization of *Jemperli*. As a result, our business and financial results and prospects heavily depend on GSK's ability to successfully develop and commercialize *Jemperli*.

We derive substantially all of our revenues from GSK's commercialization of *Jemperli*. Royalty revenues from *Jemperli* have represented and are expected to represent a substantial portion of our future revenues. The amount and timing of revenue from such royalties are unknown and highly uncertain. Pursuant to the GSK Agreement, GSK is responsible for the development and commercialization of *Jemperli*. As a result, our business and financial results and prospects depend upon the performance by GSK of its commercial obligations under the GSK Agreement and the commercial success of *Jemperli*. We have no control over GSK's marketing and sales efforts, and GSK might not be successful, which would harm our business and cause the price of our securities to fall.

Our quarterly royalty revenues may fluctuate due to a variety of factors, many of which are outside of our control. The amount of royalties and milestone payments, if any, we receive will depend on many factors, including but not limited to the following:

- the extent and effectiveness of the sales and marketing and distribution support GSK provides to *Jemperli;*
- market acceptance and demand for *Jemperli*;
- the competitive landscape of generic and branded products and developing therapies that compete with *Jemperli* (such as Keytruda®) but which are not partnered with us and pricing pressure in the oncology markets targeted by *Jemperli*;
- the size of the market for *Jemperli*;
- decisions as to the timing of product launches, pricing and discounts;
- reprioritization of GSK's commercial efforts on other products owned by GSK, which are not partnered with us;
- GSK's ability to expand the indications for which *Jemperli* can be marketed;
- a satisfactory efficacy and safety profile as demonstrated in a broad patient population;
- acceptance of, and ongoing satisfaction with, *Jemperli* by the medical community, patients receiving therapy and third party payors;
- timing and amounts of payor rebate adjustments and prior period rebate adjustments;
- seasonal fluctuations of demand;
- the ability of patients to be able to afford *Jemperli* or obtain health care coverage that covers *Jemperli*;
- safety concerns in the marketplace for oncology therapies in general and with *Jemperli* in particular;
- regulatory developments relating to the manufacture or continued use of *Jemperli*;
- the requirement to conduct additional post-approval studies or trials for *Jemperli*;
- GSK's ability to obtain regulatory approval of *Jemperli* in additional countries;
- general economic conditions in the jurisdictions where *Jemperli* is sold, including microeconomic disruptions or slowdowns; or
- if our royalty revenue or operating results fall below the expectations of investors or securities analysts or below any guidance we may provide to the market, the price of our common stock could decline substantially.

Our existing collaboration with GSK and other collaborations, including with Vanda, are important to our business, and other future collaborations may also be important to our business. If we are unable to maintain the GSK collaboration, or if this collaboration is not successful, our business could be adversely affected and the price of our securities could fall.

Much of our current and near-term projected revenues have been derived from *Jemperli* under the GSK Agreement. We expect royalties from *Jemperli* will likely continue to comprise a substantial portion of our revenues in the future. Any action or inaction by either GSK or us that results in a material dispute, allegation of breach, litigation, arbitration, or significant disagreement between the parties may be interpreted negatively by the market or by our investors, could harm our business and cause the price of our securities to fall. Examples of these kinds of issues include but are not limited to non-performance of contractual obligations and allegations of non-performance, disagreements over the relative marketing and sales efforts for our partnered products and other GSK oncology products, disputes over public statements, and similar matters. In the future, we also may receive revenue under the Vanda License Agreement, if their BLA is approved and they generate revenue from sales of Quimilza, which would increase our reliance on the Vanda License Agreement. If our collaboration with GSK or with Vanda were terminated, we may not receive all or any of the royalties or milestones potentially coming from such collaboration, which could adversely affect our business or financial condition.

We are unable to predict the success of our collaborations. Our collaborators have discretion in determining and directing the efforts and resources, including the ability to discontinue all efforts and resources, they apply to the development and, if approval is obtained, commercialization and marketing of the product candidates covered by such collaborations. As a result, our collaborators may elect to de-prioritize our programs, change their strategic focus or pursue alternative technologies in a manner that results in reduced, delayed or no revenue to us. Our collaborators may have other marketed products and product candidates under collaboration with other companies, including some of our competitors, and their corporate objectives may not be consistent with our best interests. Our collaborators may also be unsuccessful in developing or commercializing our products. If our collaborations are unsuccessful, our business, financial condition, results of operations and prospects could be adversely affected.

In addition, any dispute or litigation proceedings with our collaborators could delay development programs under collaborators, create uncertainty as to ownership of intellectual property rights, distract management from other business activities and generate substantial expense. For example, we are currently party to litigation regarding our collaboration agreement with GSK and Tesaro. On November 20, 2025, we filed a Verified Complaint in Delaware Chancery Court, requesting a court declaration that Tesaro has materially breached the GSK Agreement and that GSK, Tesaro's corporate parent, has tortiously interfered with the GSK Agreement. We have requested that the court declare that we are entitled to all rights and remedies under the GSK Agreement. See Item 3. Legal Proceedings for additional information. While this litigation is pending, the ownership of related intellectual property rights may be uncertain, and management is spending significant time and resources. Tesaro and its affiliate Tesaro Development, Ltd. separately filed suit against us the same day, requesting a declaration that they have not materially breached and that we have materially breached our duties. Tesaro's claim that we materially breached our duties was dismissed by the Court on April 24, 2026. In our post-trial brief, we requested that the Court enforce the reversion provision in the GSK Agreement and order Tesaro to return dostarlimab rights to us. If the litigations were to result in a negative outcome for us, it may have a materially negative impact on our rights under the GSK Agreement and our financial position going forward.

Previously, in October 2020, we settled a matter with Tesaro and GSK related to an alleged breach of our GSK Agreement in connection with GSK's development of a drug not covered by the agreement. There can be no assurance that we will not encounter such issues under our collaborations with GSK or other parties in the future.

When the FDA or other applicable regulatory authorities approve generic products, including but not limited to generic forms of Keytruda®, which competes with *Jemperli*, the royalties payable to us pursuant to the GSK Agreement may be less than anticipated, which in turn would harm our business and cause the price of our securities to fall.

Keytruda®, manufactured and sold by Merck & Co., Inc., is the biggest competitor of *Jemperli*. Sales of Keytruda® are expected to be materially negatively impacted by biosimilar competition between 2028 and 2029. Keytruda® is also expected to lose market exclusivity in Europe in 2031 following compound patent expiration. Once market exclusivity is lost, generic substitutes of Keytruda® may enter the market. After the introduction of a generic competitor, a significant percentage of the sales of any branded product that may compete with such branded product is typically lost to the generic product. We cannot yet ascertain what impact these future generic products may have on any sales of *Jemperli*. The royalties payable to us pursuant to the GSK Agreement may be less than anticipated, which in turn could harm our business, and the price of our securities could fall.

Reduced prices and reimbursement rates due to the actions of governments, payors, or competition or other healthcare cost containment initiatives such as restrictions on use, may negatively impact royalties generated under the GSK Agreement.

The continuing efforts of governments, pharmaceutical benefit management organizations ("PBMs"), insurance companies, managed care organizations and other payors of health care costs to contain or reduce costs of health care have adversely affected, and may continue to adversely affect, the price, market access and total revenues of *Jemperli* in the future. These organizations, together with governments, have increasingly imposed utilization management tools favoring the use of generic products. As these practices expand, GSK may face difficulty in obtaining or maintaining timely or adequate pricing or formulary placement of *Jemperli*. In addition, GSK has experienced and expects to continue to experience increased competitive activity, which has resulted and may result in lower overall prices for *Jemperli*.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (together, "PPACA") and other legislative or regulatory requirements or potential legislative or regulatory actions regarding healthcare and insurance matters, along with the trend toward managed healthcare in the U.S., could adversely influence the purchase of healthcare products and reduce demand and prices for *Jemperli*. This could harm GSK's ability to market *Jemperli* and significantly reduce future revenues. In addition, in certain foreign markets, the pricing of prescription drugs is subject to government control and reimbursement may in some cases be unavailable. We believe that pricing pressures will continue and may increase. This may make it difficult for GSK to sell *Jemperli* at a price acceptable to us or GSK or to generate revenues in line with our analysts' or investors' expectations, which may cause the price of our securities to fall.

More recently, the presidential administration and the U.S. Congress have taken, and may continue to take, actions in an effort to modify or replace PPACA and to implement or pass other reforms to the healthcare system, including proposed legislation related to the pricing of pharmaceuticals.

There is uncertainty with respect to any potential changes that may be proposed and what the impact, if any, will be on our business, including the impact on coverage and reimbursement for healthcare items and services covered by plans that were authorized by PPACA. However, we cannot predict the ultimate content, timing or effect of any healthcare reform legislation or the impact of potential legislation on us and the royalties generated under existing or future collaborations.

We expect that additional state and federal healthcare reform measures will be considered and potentially adopted, 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 *Jemperli*.

If the commercialization of *Jemperli* in the countries in which it has received regulatory approval encounters any delays or adverse developments, or perceived delays or adverse developments, or if sales or payor coverage does not meet investors', analysts', or our expectations, our business will be harmed and the price of our securities could fall.

Under our GSK Agreement, GSK has full responsibility for commercialization of *Jemperli*. GSK has launched *Jemperli* in a number of countries, including the United States and Europe, among others. The commercialization of the products in countries where they are already launched and the commercialization in new countries are still subject to fluctuating overall pricing levels and uncertain timeframes to obtain payor coverage. Any delays or adverse developments or perceived additional delays or adverse developments with respect to the commercialization of *Jemperli* including if sales or payor coverage does not meet investors', analysts', or our expectations, would significantly harm our business and the price of our securities could fall.

We are heavily dependent on GSK for the successful commercialization and development of *Jemperli* under the GSK Agreement. If GSK does not devote sufficient resources to the commercialization or development of *Jemperli*, is unsuccessful in its efforts, or chooses to reprioritize its commercial programs, our business would be materially harmed.

GSK is responsible for all clinical and other product development, regulatory, manufacturing and commercialization activities for *Jemperli* under the GSK Agreement. Our royalty revenues under the GSK Agreement may not meet our, analysts', or investors' expectations, due to a number of important factors. GSK has a substantial oncology product portfolio in addition to *Jemperli*. GSK may make oncology product portfolio decisions or statements about its portfolio which may be, or may be perceived to be, harmful to *Jemperli*. For instance, GSK has discretion in determining the efforts and resources that it will apply to the development and commercialization of *Jemperli*. In addition, GSK may determine to focus its commercialization efforts on its own products. In the event GSK does not devote sufficient resources to the commercialization of *Jemperli* or chooses to reprioritize its commercial programs, our business, operations and stock price would be negatively affected.

Any adverse developments to the regulatory status of *Jemperli* in the countries in which it has received regulatory approval, including labeling restrictions, safety findings, or any other limitation to usage, would harm our business and may cause the price of our securities to fall.

Although *Jemperli* is approved and marketed in a number of countries, it is possible that adverse changes to the regulatory status of *Jemperli* could occur in the event new safety issues are identified, treatment guidelines are changed, or new studies fail to demonstrate product benefits. A number of notable pharmaceutical products have experienced adverse developments during commercialization that have resulted in the product being withdrawn, approved uses being limited, or new warnings being included. In the event that any adverse regulatory changes were to occur to *Jemperli*, our business would be harmed, and the price of our securities could fall.

***Jemperli* faces substantial competition for its intended uses in the targeted markets from products discovered, developed and commercialized both by GSK and by other pharmaceutical companies, which could cause the royalties payable to us pursuant to the GSK Agreement to be less than expected, which in turn would harm our business and cause the price of our securities to fall.**

GSK has responsibility for obtaining regulatory approval and commercializing *Jemperli* for its intended uses in the targeted markets around the world. While *Jemperli* has received regulatory approval and has been commercialized in the U.S. and certain other targeted markets, *Jemperli* faces substantial competition from existing products previously developed and commercialized both by GSK and competing pharmaceutical companies and can expect to face additional competition from new products that are discovered, developed and commercialized by GSK, the same pharmaceutical competitors and other competitors going forward.

Many of the pharmaceutical companies competing in oncology markets are international in scope with substantial financial, technical and personnel resources that permit them to discover, develop, obtain regulatory approval and commercialize new products in a highly efficient and low-cost manner at competitive prices to consumers. In addition, many of these competitors have substantial commercial infrastructure that facilitates commercializing their products in a highly efficient and low-cost manner at competitive prices to consumers. There can be no assurance that *Jemperli* will not be replaced by new products that are deemed more effective at lower cost to consumers. The ability of *Jemperli* to succeed and achieve the anticipated level of sales depends on the commercial and development performance of GSK to achieve and maintain a competitive advantage over other products with the same intended use in the targeted markets.

If sales of *Jemperli* are less than anticipated because of existing or future competition in the markets in which it is commercialized, including competition from existing and new products that are perceived as lower cost or more effective, our royalty payments could be less than anticipated, which in turn would harm our business and cause the price of our securities to fall.

Risks Related to Intellectual Property

Our royalty revenues depend on patent rights licensed to third parties, and if we or our licensees or collaborators are unable to obtain, maintain, and protect those patent rights, our royalty revenues and the value of our patent portfolio may be materially adversely affected.

Our success depends in significant part on our ability and on the ability and willingness of our licensees and collaborators to establish, maintain and protect patents and other intellectual property rights covering licensed products and to operate without infringing the intellectual property rights of others. Although we may own or co-own patents and patent applications underlying our current royalty-bearing licenses, we have granted exclusive licenses under these patent portfolios to third parties for development, regulatory approval, manufacture, commercialization and related activities. We do not expect to conduct further research and development activities or develop or commercialize products directly. As a result, our future business is expected to consist principally of collecting royalties and other payments from licensees and collaborators while maintaining a limited-cost infrastructure.

Our ability to generate value from the licensed patent rights depends on our and our licensees' or collaborators' ability to obtain, maintain, and protect patents with claims that cover products developed, approved, manufactured and commercialized by our licensees and collaborators. The patent prosecution process is uncertain, expensive and time-consuming, and we or our licensees or collaborators may not be able to prepare, file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We also cannot assure you that patents will issue from any patent applications that we or our licensees or collaborators do prepare, file and prosecute. It is also possible that we or our licensees or collaborators will fail to identify patentable aspects of inventions or improvements made in the course of development and commercialization activities before it is too late to obtain patent protection.

We may have limited control over patent prosecution, maintenance, enforcement, defense, patent listings, patent term extensions and related intellectual property strategy for licensed products, and our licensees' or collaborators' interests may not align with ours.

Our royalty revenues may depend on patents and patent applications that are prosecuted, maintained, enforced, defended, listed, submitted or otherwise managed in whole or in part by our licensees or collaborators. We may have limited or no ability to direct patent prosecution strategy, claim scope, continuation or divisional practice, foreign filing decisions, maintenance fees and annuity payments, patent term adjustment or patent term extension strategy, supplementary protection certificate filings, Purple Book, BPCIA patent-list exchanges and patent-dispute procedures or similar foreign biologics patent procedures, responses to post-grant challenges, infringement litigation or settlement strategy.

Our licensees or collaborators may have interests that differ from our interests, including interests in minimizing prosecution, maintenance, litigation or enforcement costs; prioritizing particular products, indications, territories or patent claims; avoiding disputes with competitors or other commercial partners; settling litigation on terms that protect their commercial interests but reduce or eliminate our royalty revenues; or abandoning or narrowing patent rights that we believe are important to our business. If our licensees or collaborators fail to obtain, maintain, extend, enforce or defend patent rights in a manner that preserves royalty-bearing exclusivity, or if they settle or resolve disputes in a manner that permits earlier competition or reduces royalty-bearing sales, our royalty revenues and the value of our patent portfolio could be materially adversely affected.

We may not control decisions regarding whether, when or how to enforce patents against potential infringers, biosimilar or interchangeable biological product applicants or other competitors. A licensee or collaborator may decline to bring suit, may fail to bring suit within applicable statutory periods, may assert only a subset of available patents, may fail to include patents in required BPCIA lists or Purple Book patent information, may fail to provide required notices, may settle litigation on terms that permit earlier competition or reduce royalty-bearing sales, or may make arguments or concessions that adversely affect the scope, validity, enforceability or commercial value of our patents. We may not have access to all information necessary to evaluate infringement, validity, enforceability, regulatory filings, manufacturing processes or settlement terms. Any such limitations could impair our ability to preserve the royalty value of our intellectual property.

Because we have granted exclusive licenses under certain patent portfolios to our licensees, our ability to enforce those patents may depend on the scope of rights retained by us and granted to our licensees, including whether the licensee is deemed to have received all substantial rights under the patents, whether we or the licensee has the right or obligation to bring suit, whether joinder of the patent owner, licensee, BLA holder or reference product sponsor is required, and whether the applicable party is willing and able to participate in enforcement proceedings. If we lack standing to sue independently, if a required party refuses to participate, if enforcement rights are contractually limited, or if the licensee controls enforcement or settlement decisions, our ability to preserve royalty-bearing patent protection may be impaired.

Failure to identify, list, update, assert or defend patents through Purple Book and BPCIA patent-dispute procedures could impair the value of our patent rights and reduce our royalty revenues.

For licensed products regulated as biological products, the timing, content, accuracy and completeness of Purple Book patent information, patent lists exchanged under the Biologics Price Competition and Innovation Act of 2009, as amended, or the BPCIA, and related patent-dispute procedures may affect notice rights, litigation strategy, settlement leverage, biosimilar or interchangeable biological product entry, available remedies and the duration and value of royalty-bearing patent protection. We may not control whether a licensee, collaborator, commercialization partner, BLA holder, reference product sponsor or other responsible party identifies all relevant patents, timely provides initial or supplemental patent lists, submits accurate patent expiration dates, supplements or updates patent information, participates in BPCIA patent-dispute procedures, asserts all appropriate patents against biosimilar or interchangeable biological product applicants, or preserves rights to seek injunctive or other relief. If a patent that should have been included in a BPCIA patent list is not timely included, the patent owner may be barred from bringing an infringement action with respect to the biological product under 35 U.S.C. § 271. Any failure to identify, list, update, assert, enforce or defend relevant patents, or any decision to omit patents, assert only a subset of patents, delay or forgo litigation, or settle patent disputes on terms that permit earlier biosimilar or interchangeable product entry, could reduce the effective exclusivity period for licensed products and materially reduce our royalty revenues.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, and issued patents may not provide meaningful protection for licensed products or prevent competitors from commercializing competitive technologies and products.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our and our licensees’ or collaborators’ patent rights are highly uncertain. Our and our licensees’ or collaborators’ pending and future patent applications may not result in patents being issued that protect licensed technology or licensed products, in whole or in part, or that effectively prevent others from commercializing competitive technologies and products.

The patent examination process may require us or our licensees or collaborators to narrow the scope of the claims of our pending and future patent applications, which may limit the scope of patent protection that may be obtained. In the past, we have not always been able to obtain the full scope of patent protection we initially sought in our patent applications, and as is typical for biotechnology patent prosecution, we have been required to narrow or eliminate patent claims as part of the patent prosecution process. In some instances, patent protection for an invention might not be obtainable in view of the prior art or laws of the country in which patent protection is sought. As a result, patent claims that we or our licensees or collaborators seek to obtain now or in the future could be narrowed or eliminated during prosecution, or later held invalid or unenforceable.

The ability to obtain and maintain meaningful patent protection for antibodies and other biotechnology inventions may depend on accurate and complete disclosure of technical characterizations, including biological sequence information. Any errors, omissions, inconsistencies or later-developed scientific understanding that affects how such inventions are characterized, including sequence information, epitope mapping, competition data, binding assays or structure-function relationships, could impair our or our licensees’ or collaborators’ ability to obtain, maintain or enforce patents, could provide a basis for third-party challenges, or could necessitate claim narrowing.

In addition, some patent applications that we or our licensees or collaborators have filed or may file in the future might not result in issued patents because we or our licensees or collaborators have abandoned, or may choose to abandon, those patent applications as changes in business or legal strategies dictated or may dictate.

Our royalty revenues may depend on whether licensed products are covered by valid and enforceable patent claims in particular countries.

Filing, prosecuting, enforcing and defending patents on licensed technology and licensed products in all countries throughout the world would be prohibitively expensive, and our or our licensees' or collaborators' intellectual property rights may not exist in some countries outside the United States or may be less extensive in some countries than in the United States.

In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Consequently, we and our licensees or collaborators may not be able to prevent third parties from making, using, or selling licensed products in all countries outside the United States or from selling or importing licensed products in and into the United States or other jurisdictions. Competitors may use our and our licensees' or collaborators' technologies in jurisdictions where patent protection has not been obtained to develop their own products and, further, may export otherwise infringing products to territories where patent protection exists but enforcement is not as strong as that in the United States. These products may compete with licensed products, and our or our licensees' or collaborators' patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology and pharmaceutical products, which could make it difficult for us or our licensees or collaborators to stop infringement of our and our licensees' or collaborators' patents or marketing of competing products in violation of our and our licensees' or collaborators' proprietary rights generally. Proceedings to enforce patent rights in foreign jurisdictions could result in substantial costs, could put our patents at risk of being invalidated or interpreted narrowly and patent applications at risk of not issuing, and could provoke third parties to assert claims against us or our licensees or collaborators. We or our licensees or collaborators may not prevail in any lawsuits that are initiated, and the damages or other remedies awarded, if any, may not be commercially meaningful.

Furthermore, the European patent litigation landscape has changed with the advent of the Unified Patent Court, which may allow third parties to seek, or may allow us or our licensees or collaborators to obtain, certain forms of relief with pan-European effect. This could increase the risk that a single adverse decision could significantly narrow, invalidate or render unenforceable one or more of our European patents across multiple jurisdictions, or that we or our licensees or collaborators could be subject to injunctive relief affecting multiple markets, if subjected to the jurisdiction of the Unified Patent Court.

We may not be able to collect royalties, or our royalties may be reduced, for sales of licensed products in jurisdictions where valid and enforceable claims covering the licensed products are not obtained or maintained. Furthermore, the inability to obtain or enforce patent protection in some jurisdictions might increase competition, reduce sales, and result in reduced royalties.

Disputes over claim coverage could reduce or eliminate royalties.

Our license agreements may condition royalties, royalty rates, or royalty duration on the existence of one or more valid, enforceable and unexpired patent claims covering a licensed product in a particular country. Disputes may arise regarding whether a licensed product is covered by a valid claim; whether a pending, amended, challenged, opposed, appealed, narrowed, reissued or reexamined claim qualifies for royalty purposes; whether a method-of-treatment claim covers sales for a particular labeled or off-label use; whether a product modification avoids claim coverage; or whether a patent challenge, expiration, terminal disclaimer, loss of patent term extension, supplementary protection certificate decision or other event triggers a royalty reduction or termination.

Licensees, sublicensees or other royalty payors may challenge, or have incentives to challenge, the scope, validity, enforceability, ownership, inventorship or royalty-bearing status of our patents or may assert that particular products, territories, sales, indications, formulations, manufacturing processes or periods are not covered by licensed patent rights. If a licensee, sublicensee or other counterparty successfully asserts that a licensed product is not covered by a valid claim, our royalty revenues could be reduced or eliminated in one or more countries.

Licensed products may not be covered by our patent claims, or the licensed products may evolve in a manner that reduces or eliminates claim coverage.

Even if patents issue and remain valid and enforceable, they may not cover ultimately approved or commercialized licensed products. Our licensees or collaborators may modify licensed products, develop follow-on or next-generation products, change manufacturing processes, pursue alternative indications or dosing regimens, or commercialize products through sublicensees or affiliates in a manner that reduces or eliminates coverage by our patent claims. Competitors may also design around our claims or develop products that achieve similar therapeutic effects without infringing our patents. If licensed products or related commercial strategies evolve in a way that reduces or eliminates coverage by our patent claims, or if competitors develop non-infringing alternatives, our royalty revenues may be materially reduced.

Because we do not expect to conduct further research and development, our ability to generate new patent rights, obtain patent protection for improvements or replace expiring or challenged patents may be limited.

Historically, we generated new inventions and patent rights through our own research and development activities. Going forward, we do not expect to conduct further research and development and expect to operate with a limited-cost infrastructure. As a result, we may have limited ability to generate new inventions, create new patent families, supplement existing patent applications with additional technical data, or replace patents that expire, are narrowed, are invalidated or are designed around.

In addition, because we do not expect to conduct further research and development, we may depend on our licensees or collaborators to generate, preserve and provide technical data needed to support pending or future claims, continuation applications, patent term extension strategy, Purple Book patent information, BPCIA patent-list positions, responses to patent-office rejections, or defenses to written description, enablement, inventorship or claim-scope challenges. If licensees or collaborators do not generate, preserve or provide such data, or if we do not have rights to access or use such data for patent prosecution, maintenance, defense or enforcement, our ability to obtain, maintain, defend or enforce royalty-bearing patent rights may be limited.

Development, regulatory, manufacturing and commercialization activities conducted by our licensees or collaborators may generate inventions, improvements, know-how, data, formulations, dosing regimens, manufacturing processes, biomarkers, methods of use or other intellectual property. Depending on the terms of the applicable agreements and applicable law, we may not own, control or have rights to such improvements or related intellectual property. Licensed products or follow-on products may therefore be protected primarily by intellectual property owned or controlled by our licensees, collaborators or third parties rather than by us, and sales of such products may not be royalty-bearing to us or may be royalty-bearing for a shorter period or at a reduced rate.

Our patents may be challenged, narrowed, invalidated or held unenforceable.

Third parties may challenge the validity, enforceability, ownership, inventorship, priority, scope, or coverage of our patents and patent applications in litigation, post-grant proceedings, oppositions, reexaminations, inter partes reviews, post-grant reviews, interference or derivation proceedings, nullity actions, revocation actions, declaratory judgment actions, or other proceedings in the United States or foreign jurisdictions. These challenges may be based on a variety of different grounds, including lack of novelty or obviousness over prior art, public use or on-sale activity, lack of written description, lack of enablement, indefiniteness, lack of patent-eligible subject matter, obviousness-type or statutory double patenting, terminal-disclaimer issues, improper priority claims, added matter, incorrect inventorship, inequitable conduct, prosecution laches, or other statutory, equitable, or procedural grounds. We cannot assure you that all potentially relevant prior art relating to our patents and patent applications has been found or that all bases for challenging our patents have been considered. A successful challenge to any patent rights that support royalty payments could shorten or eliminate the royalty period, reduce leverage against biosimilar or other competitors, impair settlement value, reduce expected cash flows or eliminate substantially all value associated with the affected patent rights.

Patent terms are limited, and failure to obtain available patent term extension or similar protection could reduce our royalty period.

Patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering licensed products are obtained, once the patent life has expired for a licensed product, the licensee may be open to competition from competitive medications, including biosimilar or interchangeable biological products, and our royalties may be reduced or eliminated.

Furthermore, given the amount of time required for the development, testing and regulatory review of new pharmaceutical products, patents protecting licensed products might expire before or shortly after such products are commercialized. As a result, our and our licensees' or collaborators' patent portfolio may not provide sufficient rights to exclude others from commercializing products similar or identical to licensed products for the period we expect. We expect that we or our licensees or collaborators will seek extensions of patent terms where these are available in countries where we or they are prosecuting patents. This includes in the United States under the Drug Price Competition and Patent Term Restoration Act of 1984, which permits a patent term extension of up to five years beyond the expiration of the patent. However, the applicable authorities, including the FDA and the U.S. Patent and Trademark Office in the United States, and any equivalent foreign regulatory authority, may not agree with an assessment of whether such extensions are available and may refuse to grant extensions or may grant more limited extensions than requested.

Moreover, we may not control whether the applicable licensee, marketing authorization holder, patent owner or other responsible party timely seeks patent term extension, selects the patent most beneficial to our royalty interests, satisfies applicable requirements or obtains the full extension requested. Even if an extension is granted, the scope of the extension may be limited and may not cover all approved uses, formulations, methods of manufacture or later-modified products. If available patent term extension, supplementary protection certificate protection or analogous foreign protection is not obtained, or is narrower or shorter than expected, the period during which licensed products are covered by royalty-bearing patent rights could be shortened, and our royalty revenues could be materially reduced.

Changes in patent law could diminish the value of patents in general, thereby impairing the value of our patent portfolio and our ability to receive royalties.

The laws, regulations, administrative practices, and judicial decisions governing patents and patent challenges in the United States and foreign jurisdictions are subject to change and may evolve in ways that reduce the scope, strength, duration, enforceability, or commercial value of our patents and patent applications. In the United States, Congress, the federal courts, and the USPTO have made, and may continue to make, changes that affect patent eligibility, written description, enablement, obviousness, obviousness-type double patenting, patent term, terminal disclaimers, continuation practice, claim construction, damages, injunctive relief, inequitable conduct, enforcement, and the procedures and standards applicable to post-grant patent challenges. For example, Supreme Court and Federal Circuit decisions have created uncertainty or imposed limitations regarding patent-eligible subject matter, including claims involving laws of nature, natural phenomena, natural products, diagnostic methods, and certain method-of-treatment or biomarker-related inventions. Courts have also increased scrutiny of broad genus claims, including functionally defined antibody or biologics claims, under the written description and enablement requirements. As a result, patent claims that we or our licensees or collaborators obtain, maintain, or enforce may be narrower than expected or may be held invalid or unenforceable.

Proceedings before the USPTO and other patent offices also may affect the value of our patents. Inter partes review permits third parties to challenge issued patent claims on 35 U.S.C. §§ 102 and 103 grounds based on patents and printed publications, and post-grant review permits broader challenges on any ground that could be raised under 35 U.S.C. § 282(b)(2) or (3). These proceedings, and changes in the rules, standards, policies, or discretionary practices governing such proceedings, could increase the risk that patents covering licensed products will be narrowed, canceled, held unpatentable, or become more costly to defend.

Patent laws and practices outside the United States may also change, and foreign courts, patent offices, and administrative bodies may apply standards that differ from those applied in the United States. Changes in foreign patentability standards, opposition practice, supplementary protection certificate or patent term extension rules, compulsory licensing regimes, enforcement procedures, remedies, or centralized patent litigation systems could reduce the geographic scope, duration, enforceability, or economic value of our patent rights.

Any such changes, individually or in combination, could materially adversely affect our ability to preserve royalty-bearing patent coverage for licensed products.

Obtaining and maintaining patent protection depends on compliance with procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance and annuity fees on issued patents are due to be paid to the USPTO and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction.

Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. Because we expect to operate with a limited-cost infrastructure and may rely on licensees, collaborators, outside counsel, annuity service providers or other third parties to monitor and satisfy such requirements, failures by any such party could result in loss of patent rights. If we or our licensees or collaborators fail to maintain the patents and patent applications covering licensed products, our royalty revenues could be materially adversely affected.

Defects in inventorship, ownership, assignment or chain of title could impair our patent rights and royalty revenues.

Our ability to receive royalties and, where applicable, enforce patent rights depends on proper inventorship, ownership, assignment and chain of title for the relevant patents and patent applications. We may be subject to risks arising from incomplete or defective inventor assignments, inconsistent ownership among members of a patent family, unrecorded assignments, security interests or prior licenses, rights retained by contractors, consultants, collaborators or former employers, defects in foreign assignment formalities, correction of inventorship, or disputes regarding ownership of inventions or improvements.

Disputes may arise regarding the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by us and our licensees or collaborators, the priority of invention of patented technology, or the scope of rights granted under license agreements. Any defect or dispute regarding inventorship, ownership, assignment or chain of title could impair our ability to maintain, enforce, license or receive royalties from the affected patent rights.

Our reliance on licensees and other third parties may require us to share confidential information and know-how, which increases the possibility that such information may be misappropriated or disclosed.

To the extent our licensed technology includes trade secrets, unpatented know-how, data, materials, assays, manufacturing information or other confidential information, we may be required to share such information with licensees, collaborators, advisors, third-party contractors, consultants or other parties. We seek to protect our confidential information and trade secrets, in part, by entering into confidentiality agreements and, if applicable, material transfer agreements, consulting agreements or other similar agreements prior to disclosing proprietary information. These agreements typically limit the rights of third parties to use or disclose our confidential information, including trade secrets.

Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such information becomes known by competitors, is inadvertently incorporated into the technology of others, or is disclosed or used in violation of these agreements. Our agreements may also contain limited publication rights or other exceptions. Despite our efforts to protect our trade secrets, competitors may discover them through breach of our agreements with third parties, independent development or publication of information by third-party collaborators. A competitor’s discovery of our trade secrets or other unauthorized use or disclosure could impair the value of our intellectual property and our royalty-bearing rights.

We may become involved in lawsuits or administrative proceedings to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful and could adversely affect our royalty revenues.

Third parties may infringe our patents or misappropriate or otherwise violate our intellectual property rights. In the future, we or our licensees or collaborators may initiate legal proceedings to enforce or defend our intellectual property rights, to protect trade secrets or to determine the validity or scope of intellectual property rights we own or control. Also, third parties may initiate legal proceedings against us or our licensees or collaborators to challenge the validity, enforceability or scope of intellectual property rights we own or control. These proceedings can be expensive and time-consuming, and many adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we do.

In an infringement proceeding, a court may decide that a patent owned by us is invalid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. Furthermore, an adverse result in any litigation or administrative proceeding could put one or more of our patents at risk of being invalidated, held unenforceable or interpreted narrowly.

Accordingly, despite our efforts, we or our licensees or collaborators may not prevent third parties from infringing upon or misappropriating intellectual property rights we own or control, particularly in countries where the laws may not protect those rights as fully as in the United States.

Within and outside of the United States, there has been a substantial amount of litigation and administrative proceedings regarding patent and other intellectual property rights in the pharmaceutical industry, including opposition, derivation, reexamination, inter partes review, interference, or other pre-issuance or post-grant proceedings. Such proceedings may be provoked by third parties or by us or our licensees or collaborators to protect or enforce our patents or patent applications. Additionally, third-party pre-issuance submission of prior art to the USPTO or other foreign jurisdictions may jeopardize the issuance or scope of our patent applications. An unfavorable outcome in any such proceeding could affect our patent rights and reduce or eliminate our ability to collect royalties.

In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade existing or potential licensees, collaborators or acquirors from entering into or maintaining arrangements with us. Even if we successfully defend such litigation or proceeding, we may incur substantial costs, and it may distract management and other employees.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could adversely affect the price of shares of our common stock.

If license agreements covering our patents are terminated, disputed or interpreted unfavorably, our royalty revenues may be reduced or eliminated.

Our commercial success depends upon the ability and willingness of our licensees and collaborators to develop, manufacture, market and sell licensed products and to pay royalties and other amounts due under license agreements covering our intellectual property. If a licensee or collaborator fails to comply with its obligations under any such agreement, including payment, reporting, diligence, prosecution, maintenance, enforcement, defense, confidentiality or other obligations, our remedies may be limited and our royalty revenues could be reduced, delayed or eliminated. Conversely, if we fail to comply with obligations that apply to us under a license agreement, including obligations relating to cooperation, ownership, enforcement, confidentiality or other intellectual property matters, a licensee or collaborator may assert that it has the right to terminate, reduce payments, challenge the scope of its obligations or seek other remedies.

Disputes may arise regarding intellectual property subject to a licensing agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether a product, indication, formulation, dosing regimen, manufacturing process, territory, affiliate sale or sublicensee sale is covered by the licensed patent rights;
- the sublicensing of patent and other rights under collaboration relationships;
- the existence and satisfaction of any diligence, prosecution, maintenance, enforcement or commercialization obligations;
- the calculation of royalties, including deductions, offsets, royalty step-downs, patent expiration, valid claim requirements, royalty stacking and treatment of combination products;
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by us and our licensees or collaborators; and
- the priority of invention, inventorship, ownership, validity, enforceability or scope of patented technology.

If disputes over intellectual property subject to license agreements prevent or impair our ability to maintain licensing arrangements on acceptable terms, or if licensees, sublicensees or collaborators successfully dispute their obligation to pay royalties, our royalty revenues and the value of our patent portfolio could be materially adversely affected.

Third-party intellectual property rights may limit commercialization of licensed products or reduce royalties payable to us.

Third parties may initiate legal proceedings against us or our licensees or collaborators alleging that we or they infringe third-party intellectual property rights, or we or our licensees or collaborators may initiate legal proceedings against third parties to challenge the validity or scope of intellectual property rights controlled by third parties, including in oppositions, interferences, reexaminations, post-grant reviews, inter partes reviews or derivation proceedings in the United States or other jurisdictions. These proceedings can be expensive and time-consuming, and many adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we do.

Parties making claims may obtain injunctive or other equitable relief, which could effectively block the ability of our licensees or collaborators to further develop, manufacture or commercialize licensed products. An unfavorable outcome could require us or our licensees or collaborators to cease using the related technology, cease developing or commercializing licensed products, redesign products or processes, or attempt to license rights from the prevailing party. Any such license may not be available on commercially reasonable terms or at all. Even if a license is obtained, it may be non-exclusive, may require substantial payments, may result in royalty stacking, or may permit offsets or reductions against royalties owed to us. In addition, a finding of infringement could result in monetary damages, including treble damages and attorneys' fees, or could prevent commercialization of licensed products, which could reduce or eliminate our royalty revenues.

We may be subject to claims by third parties asserting misappropriation of intellectual property or claiming ownership of what we regard as our own intellectual property.

Many of our current or former employees, consultants, advisors, scientific founders or inventors may have been previously employed at universities, research institutions or other biopharmaceutical companies, including competitors or potential competitors. Some of these persons may have executed proprietary rights, non-disclosure, non-competition or similar agreements in connection with previous employment or engagements. Although we seek to ensure that persons involved in our work do not use the proprietary information or know-how of others, we may be subject to claims that we or such persons have used or disclosed confidential information or intellectual property, including trade secrets or other proprietary information, of a former employer, collaborator or other third party. Litigation may be necessary to defend against these claims.

If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or sustain damages. Such intellectual property rights could be awarded to a third party, and we or our licensees or collaborators could be required to obtain a license from such third party to commercialize licensed technology or licensed products. Such a license may not be available on commercially reasonable terms or at all. Even if we successfully prosecute or defend against such claims, litigation could result in substantial costs and distract management.

Our inability to protect confidential information and trade secrets would harm the value of our intellectual property and royalty-bearing rights.

In addition to seeking patents for certain technology and products, we may rely on trade secrets, including unpatented know-how, data, technology and other proprietary information, to maintain the value of our intellectual property position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as employees, licensees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with employees and consultants.

Despite these efforts, any of these parties may breach the agreements and disclose proprietary information, including trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts within and outside the United States may be less willing or unwilling to protect trade secrets. Furthermore, if a competitor lawfully obtained or independently developed any trade secrets, we would have no right to prevent such competitor from using that technology or information to compete with licensed products, which could harm the value of our royalty-bearing rights. Additionally, if the steps taken to maintain trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret.

Risks Related to Managing Growth, Operations and Macroeconomic Conditions

We currently have a limited number of full-time equivalent contractors, and our future success depends on our ability to retain our key executives and to attract, retain and motivate qualified personnel.

Following our Spin-Off of First Tracks Biotherapeutics in April 2026, certain members of our management's time and attention is allocated between the two publicly-traded companies, which may result in operational disruptions to our business. To succeed, we may need to recruit, retain, manage and motivate qualified personnel, and we face significant competition for experienced personnel. If we do not succeed in attracting and retaining qualified personnel, particularly at the management level, it could adversely affect our ability to execute our business plan, harm our operating results and adversely affect our ability to realize the benefits under our existing collaborations and to manage our business after the Spin-Off.

Many of the other companies that we compete against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than what we have to offer. If we are unable to continue to attract and retain high-quality personnel, our business may be harmed and the price of our securities could fall.

Our internal computer systems, or those of our third-party collaborators or other service providers, may fail or suffer security breaches and cyber-attacks, which could result in a material disruption to our business.

We are dependent on information technology systems, infrastructure and data to operate our business. In the ordinary course of our business, we collect, store, process and transmit large amounts of confidential and sensitive information. It is critical that we do so in a secure manner to maintain the confidentiality, integrity and availability of such information. We have established physical, electronic and organizational measures to safeguard and secure our systems which are designed to prevent data compromise, and rely on commercially available systems, software, tools and monitoring to provide security for our information technology systems and the processing, transmission and storage of our information. We have also outsourced elements of our information technology infrastructure, resulting in a number of third-party vendors that may or could have access to our information. Despite the implementation of security measures, any of the internal technology systems belonging to us, our collaborators or our third party service providers are vulnerable to damage from computer viruses, bugs, worms, malware, hacking, supply chain attacks and vulnerabilities, distributed denial-of-service attacks, credential stuffing or harvesting, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failure. Any system failure, accident or security breach that causes interruptions in our own, in collaborators' or in third party service providers' operations could result in a material disruption of our drug discovery and development programs.

Our system protections may be ineffective or inadequate, or we could be impacted by software bugs or other technical malfunctions, as well as employee error or malfeasance. Additionally, laws and regulations regarding privacy and data protection are evolving, and it is possible that they may be interpreted and applied in a manner that is inconsistent with our data handling safeguards and practices that could result in fines, lawsuits, and other penalties, and significant changes to our or our collaborators or third party service providers' business practices and products and service offerings. To the extent that the measures we or our collaborators or third-party service providers have taken prove to be insufficient or inadequate, we may become subject to litigation, breach notification obligations, or regulatory or administrative sanctions, which could result in significant fines, penalties, damages, harm to our reputation, or loss of customers. While we have not experienced any material losses as a result of any system failure, accident or security breach to date, we have been the subject of certain phishing attempts in the past. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations, whether due to a loss of our trade secrets or other proprietary information or other similar disruptions. Additionally, a party who circumvents our security measures could, among other effects, appropriate proprietary data, cause interruptions in our operations, or expose our collaborators to hacks, viruses, and other disruptions. In addition, while we maintain cybersecurity insurance coverage, we cannot be sure that such coverage will be adequate or sufficient to compensate for any losses associated with such events, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims. The development and maintenance of our information technology systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated.

Our operations, or the third parties upon whom we depend, are vulnerable to interruption by fire, earthquake, power loss, telecommunications failure, terrorist activity, health epidemics or pandemics and other events beyond our control, which could harm our business.

Our facilities are located in San Diego, California, which is a seismically active region, and has also historically been subject to wildfires and electrical blackouts as a result of a shortage of available electrical power. We have not undertaken a systematic analysis of the potential consequences to our business and financial results from a major earthquake, fire, power loss, terrorist activity, health epidemics or pandemics or other disasters, including those resulting from or amplified by climate change, and do not have a recovery plan for such disasters. In addition, we do not carry sufficient insurance to compensate us for actual losses from interruption of our business that may occur, and any losses or damages incurred by us could harm our business. We maintain multiple copies of each of our antibody sequences and electronic data records, most of which we maintain at our headquarters.

If our facilities were impacted by a seismic or wildfire event, there could be an adverse effect on our ability to perform our obligations under our existing and any future collaborations.

The macroeconomic and geopolitical environment may have a material impact on the U.S. and global economies and could materially impact our business, financial condition and results of operations.

The macroeconomic and geopolitical environment, including inflation, increased volatility in interest rates, tariffs and the debt and equity markets, instability in the global banking system, global health crises and pandemics and geopolitical conflict have had, and may continue to have, an adverse impact on the U.S. and global economic conditions, which could have an adverse effect on our business and financial condition. The extent to which any such factors impact our business and operations will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the event and the actions to contain its impact.

We are subject to risks associated with foreign trade policy, including recent tariffs imposed or proposed by the United States on its trading partners, as well as retaliatory actions that have or may be imposed by other countries in response. The recent U.S. tariffs and other trade restrictions against trading partners and specific sectors of the global economy may have an adverse effect on our business and financial condition. The United States has imposed many country-specific tariffs at a rate higher than the 10% global baseline on all foreign countries and continues to impose increased tariffs on China in particular. At this time, the impact of the recently imposed and proposed tariff actions with respect to our operations remain uncertain given ongoing bilateral negotiations between the United States and trading partners, changes in U.S. policy, and an ongoing Section 232 investigation by the U.S. Department of Commerce, which may result in the imposition of an additional tariff rate on U.S. imports of pharmaceuticals and pharmaceutical ingredients. *Jemperli* involves pharmaceutical ingredients that are partially sourced from outside of the United States, including China, the cost of which may increase due to additional tariff rates. Higher material costs may negatively impact our royalties.

Risks Related to Ownership of Our Common Stock

The market price of our stock has been and may continue to be volatile, and you could lose all or part of your investment.

The trading price of our common stock may be highly volatile and subject to wide fluctuations in response to various factors, some of which we cannot control. In addition to the factors discussed in this "Risk Factors" section and elsewhere in this Annual Report, these factors include:

- the success of competitive products to the products licensed to our collaborators;
- regulatory actions with respect to our collaborators' products or our collaborators' competitors' products;
- announcements by our collaborators or their competitors of significant acquisitions, strategic collaborations, joint ventures, collaborations or capital commitments;
- results of future clinical trials of *Jemperli* or any other of our collaborators' product candidates or those of our collaborators' competitors;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- developments with respect to our existing collaboration agreements and announcements of new collaboration agreements;
- disputes, breaches and terminations of our existing collaborators;
- actual or anticipated changes in estimates as to financial results or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- announcement or expectation of additional financing efforts;
- purchases of our common stock by us pursuant to a stock repurchase program;
- changes in the structure of health care payment systems;

- market conditions in the biotechnology sector; and
- general economic uncertainty and capital markets disruptions, which have been substantially impacted by geopolitical instability, actual or perceived instability in the U.S. and global banking systems, uncertainty with respect to the U.S. federal budget, and fluctuating interest rates, tariffs and inflation.

In addition, the stock market in general, and the Nasdaq Global Select Market and biotechnology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance. In the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. We have been subject to securities litigation in the past, and any future securities litigation could result in substantial costs and a diversion of our management's attention and resources. The realization of any of the above risks or any of a broad range of other risks, including those described in this "Risk Factors" section, could have a dramatic and adverse impact on the market price of our common stock.

We may be subject to securities litigation, which is expensive and could divert management attention.

The market price of our common stock is volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We have been, and may in the future be, the target of this type of litigation. Regardless of the outcome, future litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

The requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain additional executive management and qualified board members.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules adopted, and to be adopted, by the SEC and the Nasdaq Global Select Market. Our management and other personnel devote a substantial amount of time to these compliance initiatives. In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time consuming. We intend to continue to invest resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain sufficient coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these and future requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors, our Board committees or as executive officers.

In addition, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on our internal controls on an annual basis. If we have material weaknesses in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. While we have compiled the systems, processes and documentation necessary to comply with Section 404 of the Sarbanes-Oxley Act, we will need to maintain and enhance these processes and controls as we grow, and we may require additional management and staff resources to do so. Additionally, even if we conclude our internal controls are effective for a given period, we may in the future identify one or more material weaknesses in our internal controls, in which case our management will be unable to conclude that our internal control over financial reporting is effective. Regardless of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our reported operating results and harm our reputation. Internal control deficiencies could also result in a restatement of our financial results. We are not required to provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act because we are a non-accelerated filer.

Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.

While we do not expect that additional capital will be needed in the future to continue our planned operations, it is possible we may need to raise capital in the future. To raise capital, we may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell common stock, convertible securities or other equity securities, investors may be materially diluted. We also have registered all shares of common stock that we may issue under our equity incentive plans or that are issuable upon exercise of outstanding options, or upon vesting of outstanding awards. These shares can be freely sold in the public market upon issuance and once vested, subject to volume limitations applicable to affiliates. If any of these additional shares are sold, or if it is perceived that they will be sold, in the public market, the market price of our common stock could decline. 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.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

We are subject to the periodic reporting requirements of the Exchange Act. We designed our disclosure controls and procedures to reasonably assure that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

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

We have never declared or paid any cash dividend on our common stock. We currently anticipate that we will retain future earnings for the operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to stockholders will therefore be limited to the appreciation of their stock.

Our cash and investments could be adversely affected if the financial institutions in which we hold our cash and investments fail.

We regularly maintain cash balances at third party financial institutions in excess of the Federal Deposit Insurance Corporation insurance limit. Further, if we enter into a credit, loan or other similar facility with a financial institution, certain covenants included in such facility may require as security that we keep a significant portion of our cash with the institution providing such facility. If a depository institution where we maintain deposits fails or is subject to adverse conditions in the financial or credit markets, we may not be able to recover all, if any, of our deposits, which could adversely impact our operating liquidity and financial performance.

Provisions in our restated certificate of incorporation, restated bylaws and Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the market price of our common stock.

Our amended and restated certificate of incorporation ("Restated Certificate") and second amended and restated bylaws ("Restated Bylaws") contain provisions that could depress the market price of our common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions, among other things:

- establish a classified Board of Directors so that not all members of our Board of Directors are elected at one time;

- permit only the Board of Directors to establish the number of directors and fill vacancies on the Board of Directors;
- provide that directors may only be removed “for cause” and only with the approval of two-thirds of our stockholders;
- require super-majority voting to amend some provisions in our Restated Certificate and Restated Bylaws;
- authorize the issuance of “blank check” preferred stock that our Board of Directors could use to implement a stockholder rights plan (also known as a “poison pill”);
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- prohibit cumulative voting; and
- establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law (“DGCL”) may discourage, delay or prevent a change in control of our company. Section 203 of the DGCL imposes certain restrictions on mergers, business combinations and other transactions between us and holders of 15% or more of our common stock.

The exclusive forum provisions in our organizational documents may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or employees, or the underwriters of any offering giving rise to such claim, which may discourage lawsuits with respect to such claims.

Our Restated Certificate, to the fullest extent permitted by law, provides that the Court of Chancery of the State of Delaware is the exclusive forum for: any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the DGCL, our Restated Certificate, or our Restated Bylaws; or any action asserting a claim that is governed by the internal affairs doctrine. This exclusive forum provision does not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, or the Exchange Act. It could apply, however, to a suit that falls within one or more of the categories enumerated in the exclusive forum provision.

This choice of forum provision may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, or the underwriters of any offering giving rise to such claims, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provisions contained in our Restated Certificate to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition, results of operations and prospects.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Our Restated Bylaws provide that the federal district courts of the United States of America will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or the Federal Forum Provision, including for all causes of action asserted against any defendant named in such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. Our decision to adopt a Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While federal or other state courts may not follow the holding of the Delaware Supreme Court or may determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court, and our stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. In addition, neither the exclusive forum provision nor the Federal Forum Provision applies to suits brought to enforce any duty or liability created by the Exchange Act. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court, and our stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to our exclusive forum provisions, including the Federal Forum Provision. These provisions may limit a stockholder's ability to bring a claim, and may result in increased costs for a stockholder to bring such a claim, in a judicial forum of their choosing for disputes with us or our directors, officers, other employees or agents, which may discourage lawsuits against us and our directors, officers, other employees or agents.

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us or our business, our collaborators or our collaborators' businesses. If any of the analysts who cover us or our collaborators issues an adverse or misleading opinion regarding us or our collaborators, our business model, our intellectual property or our stock performance, or if our operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

We plan to use our federal and state net operating loss ("NOL") carryforwards to offset taxable income from revenue generated from operations or corporate collaborations. However, our ability to use NOL carryforwards to offset taxable income in future years could be limited.

We plan to use our federal and state NOL carryforwards to offset taxable income from revenue generated from operations or corporate collaborations. However, our ability to use NOL carryforwards to offset taxable income in future years could be limited. For the current year, we expect to generate taxable income to the extent revenue generated from operations, corporate collaborations, and gain generated by the Spin-Off exceed operating expenses. While we plan to use our NOL carryforwards to offset taxable income, the NOL available for utilization in the current year is limited by Section 382 of the Code and tax law which limits the ability to utilize federal NOLs generated subsequent to 2017 to 80% of our taxable income. Remaining NOLs will be carried forward to offset taxable income in future years. We plan to offset the tax liability generated by taxable income in excess of available NOLs with research and development tax credits generated in the current and prior years.

As of June 30, 2026, we had federal NOLs of approximately $174.2 million. As all federal NOL carryforwards were generated subsequent to 2017 they carryover indefinitely and may generally be used to offset up to 80% of future taxable income. We have state NOLs of approximately $68.5 million, which will expire beginning in 2030 through 2045. However, our ability to utilize our NOLs annually is limited by Section 382 of the Code. Section 382 of the Code generally limits a company's ability to use its NOL carryforwards following an "ownership change," defined as a greater than 50 percentage point change (by value) in equity ownership by certain stockholders over a three-year period. We experienced ownership changes as defined by Section 382 of the Code during 2007, 2017 and 2021. As a result, as of June 30, 2026, all federal NOL carryforwards are subject to an annual limitation of $6.4 million in future periods. State NOL and credit carryforwards may be similarly limited. Our use of federal and state NOLs could be further limited if we experience one or more ownership changes subsequent to June 30, 2026.

Under legislative changes made by the Tax Cuts and Jobs Act, the U.S. federal NOLs incurred in 2018 and in future years may be carried forward indefinitely, but the ability to utilize such federal NOLs to offset taxable income is limited to 80% of our taxable income (without regard to certain deductions). Our significant state NOLs were generated in the state of California, which provides for a 20 year carryforward. State NOL carryforwards may be similarly limited by cumulative ownership changes. In addition, there may be periods during which the use of NOL carryforwards is suspended or otherwise limited at the state level, which could also impact our ability to utilize NOL carryforwards. Any such limitations on the use of our NOLs may result in greater tax liabilities than we would incur in the absence of such a limitation, and any increased liabilities could adversely affect our business, results of operations, financial condition and cash flow.

We are a smaller reporting company and may elect to comply with reduced public company reporting requirements applicable to smaller reporting companies, which could make our common stock less attractive to investors.

We are a "smaller reporting company," meaning that we are not an investment company, an asset-backed issuer, or a majority-owned subsidiary of a parent company that is not a "smaller reporting company," and have either: (i) a public float of less than $250 million as of our most recently completed second fiscal quarter or (ii) annual revenues of less than $100 million during the most recently completed fiscal year and (A) no public float or (B) a public float of less than $700 million as of our most recently completed second fiscal quarter. We will cease being a smaller reporting company commencing with the first quarterly report on Form 10-Q following this filing. As a "smaller reporting company," we are subject to reduced disclosure obligations in our SEC filings compared to other issuers, including with respect to disclosure obligations regarding executive compensation in our periodic reports and proxy statements. Until such time as we cease to be a "smaller reporting company," such reduced disclosure in our SEC filings may make it harder for investors to analyze our operating results and financial prospects.

If some investors find our common stock less attractive as a result of any choices to reduce future disclosure we may make, there may be a less active trading market for our common stock and our stock price may be more volatile.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

We recognize the critical importance of maintaining the trust and confidence of all of our stakeholders. Our business depends on the efficient and uninterrupted operation of our information technology systems and those of our third party CROs, CMOs, or other vendors, contractors or consultants.

Risk Management and Strategy

The Company's cybersecurity program is focused on the following key areas:

Governance: The Board of Directors' oversight of cybersecurity risk management is supported by the Audit Committee of the Board of Directors (the "Audit Committee"), which regularly interacts with our Head of IT and our executive management team.

Collaborative Approach: We have implemented a cross-functional approach to identifying, preventing, and mitigating cybersecurity threats and incidents, while also implementing controls and procedures that provide for the prompt escalation of certain cybersecurity incidents so that decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner.

Technical Safeguards: We deploy technical safeguards that are designed to protect our information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence.

Incident Response and Recovery Planning: We have established and maintain incident response and recovery plans to address our response to a cybersecurity incident. We use a manage, detection, and response (MDR) partner to provide threat detection and response capabilities. We also utilize security consultants including a vCISO to assess and continuously improve our cybersecurity program.

Third Party Risk Management: We strive to proactively manage third party risks to minimize any adverse effects on our business that may arise due to a cybersecurity incident affecting third party systems and vendors. Although we rely on third party vendors to manage and maintain their own cybersecurity defense programs, we continue to improve on our vendor risk management program to assess our exposure to these external cybersecurity risks, including the use of external security rating services and by evaluating vendor responses to our cybersecurity questionnaire.

Education and Awareness: We provide mandatory training and resources for personnel regarding cybersecurity threats as a means to equip our employees with effective tools to address cybersecurity threats, and to communicate our evolving information security policies, standards, processes and practices.

We engage in the periodic assessment and testing of our cybersecurity program. These efforts include a wide range of activities, including audits, assessments, vulnerability testing and other exercises focused on evaluating the effectiveness of our cybersecurity measures and planning. These activities may be performed by external cybersecurity and application security professionals.

Governance

The Board of Directors, in coordination with the Audit Committee, oversees our risk management process. The Board of Directors and the Audit Committee also receive prompt and timely information regarding any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed.

In connection with the Spin-Off, we entered into a Transition Services Agreement with First Tracks Biotherapeutics. Under the terms of the agreement, First Tracks Biotherapeutics provides critical information technology infrastructure and comprehensive cybersecurity services, including network security monitoring and threat detection, for an interim period expected to last up to twelve months. While we temporarily rely on the services provided by First Tracks Biotherapeutics, we maintain responsibility for assessing and managing our cybersecurity risks.

Although we are subject to ongoing and evolving cybersecurity threats, we are not aware of any material cybersecurity threats that have materially affected or are reasonably likely to affect us, including our business strategy, results of operations or financial condition. For more information on our cybersecurity risks, see Item 1A "Risk Factors."

Item 2. Properties

Our principal executive office is located at 10770 Wateridge Circle in San Diego, California, and consists of approximately 45,000 square feet of leased office and laboratory space under a lease for a term of 124 months, beginning on April 5, 2021. The terms of the Lease Agreement provide us with an option to extend the term of the lease for an additional five years, as well as a one-time option to terminate the lease after seven years with the payment of a termination fee. We subleased all of this facility to First Tracks Biotherapeutics, as of June 15, 2026.

We believe that our facilities are sufficient to meet our current needs and that suitable additional space will be available as and when needed.

Item 3. Legal Proceedings

On November 20, 2025, we filed a Verified Complaint in Delaware Chancery Court (the "Court"), requesting a court declaration that TESARO, Inc. ("Tesaro") has materially breached the parties' Collaboration and Exclusive License Agreement ("Collaboration Agreement") and that GSK, Tesaro's corporate parent, has tortiously interfered with the Collaboration Agreement. We have requested that the court declare that we are entitled to all rights and remedies under the Collaboration Agreement.

While we had approached Tesaro to engage in good faith discussions to potentially resolve these claims, on November 20, 2025, Tesaro, without notice, initiated a lawsuit against us. Tesaro's complaint includes a request for a declaration that it has not breached the Collaboration Agreement and for an injunction prohibiting AnaptysBio from terminating the Collaboration Agreement.

Tesaro also alleged that AnaptysBio materially breached the agreement, entitling Tesaro to exercise certain rights and remedies under the agreement. Tesaro's claim for breach was predicated on an allegation that AnaptysBio improperly alleged that Tesaro had breached the Collaboration Agreement, which allegedly caused an anticipatory breach of contract. Tesaro's claim that we materially breached our duties was dismissed by the Court on April 24, 2026. The trial on the remaining claims was held July 14-17, 2026. Following the trial, on July 28, 2026, we, Tesaro and GSK submitted a Joint Stipulation and Proposed Order (the "Stipulation") with the Court to propose a schedule governing the post-trial briefing, which the Court granted. Pursuant to the Stipulation, (i) we filed our opening post-trial brief on August 21, 2026, (ii) Tesaro and GSK will file their answering post-trial brief on or before September 25, 2026, (iii) we will file our reply post-trial brief on or before October 9, 2026, and (iv) post-trial argument will be held on October 20, 2026. In our post-trial brief, we requested that the Court enforce the reversion provision in the Collaboration Agreement and order Tesaro to return dostarlimab rights to us.

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

Trading Symbol and Holders

Our common stock has been listed on the Nasdaq Global Select market under the symbol “ANAB” since January 26, 2017. As of September 16, 2026, we had approximately seven holders of record of our common stock. This number does not include beneficial owners whose shares were held in street name.

Dividend Policy

We have never declared or paid cash or stock dividends on our common stock. Following the separation of our company into two separate, publicly traded companies, completed on April 20, 2026 (and which was completed through a stock dividend), our Board of Directors may make a determination to declare dividends on our common stock at some point in the future, depending on our financial condition, operating results, capital requirements, general business conditions and other factors that our Board of Directors may deem relevant.

Issuer Purchases of Equity Securities

In March 2026, our Board of Directors approved a new stock repurchase program to repurchase up to $100.0 million of shares of our outstanding common stock, par value $0.001 per share (the “2026 Repurchase Program”). No shares were repurchased in the three months ended June 30, 2026 and as of June 30, 2026, $100.0 million remained available for future shares of common stock to be repurchased under the 2026 Repurchase Program.

Item 6. Reserved

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with the historical consolidated financial statements and the notes thereto included in Part II, Item 8—Consolidated Financial Statements and Supplementary Data of this Annual Report on Form 10-KT. This discussion and other sections of this Annual Report contain forward-looking statements that involve risks and uncertainties, such as our plans, objectives, expectations, intentions, and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section entitled "Risk Factors" included in Part I, Item 1A of this Annual Report. You should also carefully read "Special Note Regarding Forward-Looking Statements."

Overview

AnaptysBio manages the financial collaborations for *Jemperli* with GSK and Quimilza, formerly referred to as imsidolimab, with Vanda, with a focus on protecting and returning the value of its royalties to shareholders. We currently recognize revenue from royalties achieved under our immuno-oncology collaboration with GSK and license and transition services revenue from our collaboration with Vanda.

First Tracks Biotherapeutics Separation

In September 2025, we announced that our board of directors ("Board of Directors") approved plans to explore separating our business into two independent, publicly traded companies. We would hold and continue to manage the financial collaboration for *Jemperli* with GSK and for Quimilza with Vanda, with a focus on protecting and returning value of the royalties to its stockholders. The spun-out company would be a clinical-stage biotechnology company focused on the development and potential commercialization of innovative therapeutics for autoimmune and inflammatory diseases, including ANB033, rosnilimab and ANB101. This separation (the "Spin-Off") was completed on April 20, 2026.

The Spin-Off of First Tracks Biotherapeutics, Inc. ("First Tracks Biotherapeutics") was achieved through our pro rata distribution of 29,100,902 shares of common stock of First Tracks Biotherapeutics to holders of record of our common stock. Each holder of record of our common stock received one share of First Tracks Biotherapeutics' common stock for every one share of our common stock held on April 6, 2026, the record date for the distribution.

In connection with the Spin-Off, we entered into a separation and distribution agreement (the "Separation and Distribution Agreement") with First Tracks Biotherapeutics. The Separation and Distribution Agreement identifies the assets transferred to (including the contracts assigned) or retained by, and the liabilities assumed or retained by, each of us and First Tracks Biotherapeutics. Pursuant to the Separation and Distribution Agreement, on the Distribution Date, $100 million in cash and cash equivalents was allocated to First Tracks Biotherapeutics from us. Furthermore, all accounts payable and accrued liabilities were assumed by us. The results of First Tracks Biotherapeutics are included within discontinued operations in our consolidated financial statements.

Collaborative Programs

GSK Collaboration

Our collaborations include an immuno-oncology-focused collaboration with GSK. Under the GSK Agreement, a Biologics License Application ("BLA") for *Jemperli* (dostarlimab), a PD-1 antagonist antibody, was approved by the FDA in April 2021 for the treatment of advanced or recurrent deficient mismatch repair endometrial cancer ("dMMREC"). In February 2023, the FDA granted full approval for this indication. In addition, in April 2021, the European Medicines Agency ("EMA") granted conditional marketing authorization in the European Union ("EU") for *Jemperli* for use in women with mismatch repair deficient ("dMMR")/microsatellite instability-high ("MSI-H") recurrent or advanced endometrial cancer who have progressed on or following prior treatment with a platinum containing regimen. A second FDA approval was received in August 2021 for *Jemperli* in pan-deficient mismatch repair tumors (PdMMRT). In July 2023, the FDA approved *Jemperli* in combination with chemotherapy for the treatment of adult patients with dMMR MSI-H primary advanced or recurrent endometrial cancer. In December 2023, the EMA approved *Jemperli* plus chemotherapy for dMMR/MSI-H primary advanced or recurrent endometrial cancer. In August 2024, the FDA approved *Jemperli* plus chemotherapy for all adult patients with primary advanced or recurrent endometrial cancer. In January 2025, the EMA approved *Jemperli* plus chemotherapy for this same indication.

In August 2026, the FDA accepted the sBLA for *Jemperli* in patients with previously untreated stage II and III mismatch repair deficient (dMMR)/microsatellite instability-high (MSI-H) locally advanced rectal cancer with a target action date of February 2027.

For the six months ended June 30, 2026, GSK reported $644.1 million in sales for *Jemperli*, a greater than 30% sales growth when compared to $494.3 million for the six months ended June 30, 2025.

Vanda Collaboration

On January 31, 2025, we entered into an Exclusive License Agreement (the "Vanda License Agreement") with Vanda pursuant to which we granted to Vanda an exclusive, global license for the development and commercialization of Quimilza (IL-36R antagonist mAb), which has completed two registration-enabling global Phase 3 trials, GEMINI-1 and GEMINI-2, evaluating the safety and efficacy of Quimilza in patients with generalized pustular psoriasis ("GPP").

In December 2025, Vanda announced the submission of a BLA to the U.S. FDA for Quimilza in GPP. The FDA accepted the BLA filing for Quimilza in GPP in February 2026 with a target action date of December 12, 2026.

In August 2026, Vanda announced Quimilza received Orphan Drug Designation from the European Commission, based on the positive opinion received from the European Medicines Agency's (EMA) Committee for Orphan Medicinal Products (COMP), for the treatment of GPP. The FDA and Japan's Ministry of Health, Labour and Welfare have previously granted Orphan Drug Designation to Quimilza for the treatment of GPP.

Pursuant to the terms of the Vanda License Agreement, we received an upfront payment of $10.0 million and a $5.0 million payment for existing drug supply. We are also eligible to receive a 10% royalty on net sales.

For more information about these collaborations, see "Collaborative Programs" included in Part I, Item 1 of this Annual Report.

Financial Overview

As of June 30, 2026, we had an accumulated deficit of $641.6 million, primarily as a result of losses incurred since our inception in 2005. We do not expect to continue to incur net operating losses for at least the next several years as we hold and continue to manage the financial collaboration for *Jemperli* with GSK and for Quimilza with Vanda, with a focus on protecting and returning value of the royalties to its stockholders.

For our discussion related to the results of our operations and liquidity and capital resources for fiscal year ended December 31, 2024 compared to the year ended December 31, 2023, please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2024.

Collaboration Revenue

We have not generated any revenue from product sales. Our revenue has been derived from amortization of upfront license payments, research and development funding, milestone and royalty payments under collaboration and license agreements with our collaborators. From inception through June 30, 2026, we have recognized $634.2 million in revenue from our collaborators.

Collaboration and Exclusive License Agreement with GSK

In March 2014, we entered the GSK Agreement with TESARO, Inc. ("Tesaro"), an oncology-focused biopharmaceutical company now a part of GSK (Tesaro and GSK are hereinafter referred to, collectively, as "GSK"). Currently, under the GSK Agreement, GSK is developing *Jemperli* (dostarlimab) as a monotherapy and in combination with additional therapies, for various solid tumor indications.

For *Jemperli*, the remaining development program under the GSK Agreement, we are eligible to receive milestone payments if certain European regulatory submission and approval in a second indication is achieved. On October 23, 2020, Amendment No. 3 to the GSK Agreement (the "GSK Amendment No. 3") was agreed to by both parties to permit GSK to conduct development and commercialization in combination with any third-party molecules of Zejula, an oral, once-daily poly (ADP-ribose) polymerase (PARP) inhibitor ("Zejula"). Under GSK Amendment No. 3, we were granted royalties upon sales of *Jemperli*, equal to 8% of net sales (as defined in the GSK Agreement) below $1.0 billion, 12% of net sales between $1.0 billion and $1.5 billion, 20% of net sales between $1.5 billion and $2.5 billion and 25% of net sales above $2.5 billion. Unless earlier terminated by either party upon specified circumstances, the GSK Agreement will terminate, with respect to each specific developed product, upon the later of the 12th anniversary of the first commercial sale of the product or the expiration of the last to expire of any patent.

In October 2021, we signed a royalty monetization agreement ("*Jemperli* Royalty Monetization Agreement") with Sagard Healthcare Royalty Partners, LP ("Sagard"). Under the terms of the *Jemperli* Royalty Monetization Agreement, we received $250.0 million in exchange for royalties and milestones payable to us under our GSK collaboration on annual global net sales of *Jemperli*.

In May 2024, we entered into an amendment to the *Jemperli* Royalty Monetization Agreement, Amendment No. 1 (the "*Jemperli* Amendment") under which we sold additional receivables to Sagard in exchange for $50.0 million. The *Jemperli* Amendment includes all *Jemperli* sales, including any product containing *Jemperli*, whether or not such product constitutes a combination product, and the threshold amounts of aggregate *Jemperli* royalties and milestones to be received by Sagard under the *Jemperli* Amendment are either $600.0 million if received by the end of March 31, 2031, or $675.0 million if received thereafter. Once either of these thresholds is met, the *Jemperli* Royalty Monetization Agreement and the *Jemperli* Amendment will expire, resulting in us regaining all subsequent *Jemperli* royalties and milestones. As of June 30, 2026, Sagard has earned approximately $300.8 million in royalties and milestones. For more information see Note 5 — Sale of Future Royalties in the accompanying notes to the consolidated financial statements included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-KT.

The GSK Agreement, as amended, expires when no further payments are due to us, unless earlier terminated. Either party may terminate the GSK Agreement, as amended, in the event of an uncured material breach by the other party. GSK may terminate the GSK Agreement, as amended, at any time upon 90 days' prior written notice to us.

Milestones under the GSK Agreement are as follows:

	PD-1 (*Jemperli*/Dostarlimab)	
Milestone Event	**Amount**	**Quarter Recognized**
Initiated in vivo toxicology studies using good laboratory practices (GLPs)	$1.0M	Q2'15
IND clearance from the FDA	$4.0M	Q1'16
Phase 2 clinical trial initiation	$3.0M	Q2'17
Phase 3 clinical trial initiation - first indication	$5.0M	Q3'18
Phase 3 clinical trial initiation - second indication	$5.0M	Q2'19
Filing of the first BLA[(1)] - first indication	$10.0M	Q1'20
Filing of the first MAA[(2)] - first indication	$5.0M	Q1'20
Filing of the first BLA - second indication	$10.0M	Q1'21
First BLA approval - first indication	$20.0M	Q2'21
First MAA approval - first indication	$10.0M	Q2'21
First BLA approval - second indication	$20.0M	Q3'21
Filing of the first MAA - second indication[(3)]	$5.0M	—
First MAA approval - second indication[(3)]	$10.0M	—
First commercial sales milestone[(3)]	$15.0M	Q3'24
Second commercial sales milestone[(3)]	$25.0M	Q4'24
Third commercial sales milestone[(3)]	$50.0M	Q3'25
Fourth commercial sales milestone[(4)]	$75.0M	Q4'25
Milestones recognized through June 30, 2026	$258.0M	—
Milestones that may be recognized in the future	$15.0M	—

(1) Biologics License Application ("BLA")

(2) Marketing Authorization Application ("MAA")

(3) For *Jemperli*, the filing and approval of the first MAA for a second indication and first three commercial sales milestones are included as part of the royalty monetization agreement with Sagard. For more information, see Note 5.

(4) For *Jemperli*, we retained the rights to a $75.0 million sales milestone when *Jemperli* annual net sales exceeded $1 billion. We received the cash milestone payment in December 2025.

In connection with the 2020 Amendment, in October 2020 GSK agreed, under the terms of a settlement agreement (the "GSK Settlement Agreement"), to pay us a royalty on all GSK net sales of Zejula starting January 1, 2021. Under the GSK Settlement

Agreement, the royalty is paid at a rate of 1% but is subject to reduction due to royalties paid to third parties, with a minimum royalty payable under the GSK Settlement Agreement of 0.5% of global net sales of Zejula. The current effective royalty rate is 0.5%. In September 2022, we signed a royalty monetization agreement (the "Zejula Royalty Monetization Agreement") with a wholly owned subsidiary of DRI Healthcare Trust ("DRI") to monetize all of our future royalties on global net sales of Zejula under the GSK Settlement Agreement. Under the terms of the Zejula Royalty Monetization Agreement, we received $35.0 million in exchange for all royalties payable by GSK to us under the GSK Settlement Agreement on global net sales of Zejula starting in July 2022.

We are currently party to litigation with GSK with respect to the GSK Agreement. See Item 3. "Legal Proceedings" for additional information.

General and Administrative Expense

General and administrative expenses consist primarily of salaries and related benefits, including stock-based compensation for our executive, finance, legal, business development, human resource, and support functions. Other general and administrative expenses include allocated facility-related costs not otherwise included in research and development expenses, travel expenses, transaction costs, and professional fees for auditing, tax, and legal services.

Non-Cash Interest Expense for the Sale of Future Royalties

Non-cash interest expense for the sale of future royalties consists of interest related to the liability for the sale of future royalties, as well as the amortization of debt issuance costs. We impute interest on the unamortized portion of the liability for the sale of future royalties using the effective interest method and record interest expense based on timing of the payments over the term of the *Jemperli* Royalty Monetization Agreement and the Zejula Royalty Monetization Agreement (the "Royalty Monetization Agreements"). Our estimate of the interest rate under the arrangements is based on forecasted royalty and milestone payments expected to be made over the life of the agreements.

Interest Income

Interest income consists primarily of interest earned on our short-term and long-term investments and is recognized when earned.

Net Operating Loss and Research and Development Tax Credit Carryforwards

Since inception, we have accumulated net operating losses ("NOLs") in all years except the years ended December 31, 2024, 2022, 2015 and 2014, in which we generated taxable income primarily attributable to our collaboration agreement with GSK, our Zejula Royalty Monetization Agreement in 2022, and the requirement to capitalize and amortize R&D expenditures for tax purposes in 2022 and 2024. For the six months ended June 30, 2026, we also generated taxable income, primarily attributable to the gain recognized in connection with the Spin-Off, as well as revenue generated from operations and corporate collaborations.

As of June 30, 2026, we had federal and state NOLs, of $174.2 million and $68.5 million, respectively. All of our federal NOL carryforwards were generated in 2018 and after and therefore carryover indefinitely and may generally be used to offset up to 80% of future taxable income. State NOLs will begin to expire in 2030 and continue through 2045, unless previously utilized. As of June 30, 2026, we had federal and state research tax credit carryforwards of approximately $22.7 million and $22.7 million, respectively. The federal research tax credits carryforwards will begin to expire in 2042, and the state research credits will expire beginning in 2043.

The above NOL carryforward and the federal and state research tax credit carryforwards may be subject to an annual limitation under Section 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), and similar state provisions if we experience one or more ownership changes which would limit the amount of NOL and tax credit carryforwards that can be utilized to offset future taxable income and tax, respectively. In general, an ownership change as defined by Section 382 and 383, results from transactions increasing ownership of certain stockholders or public groups in the stock of the corporation by more than 50 percentage points over a three-year period.

We experienced ownership changes as defined by Section 382 of the Code during 2007, 2017 and 2021. As a result, as of June 30, 2026, all $174.2 million of our federal NOLs are subject to an annual limitation of $6.4 million in future periods. State NOL and credit carryforwards may be similarly limited.

Critical Accounting Policies and Use of Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") with the spin-off of the Biopharma segment presented as discontinued operations. See Part II, Item 8, Note 12, Discontinued Operations, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-KT for additional information regarding the Spin-Off. The preparation of these financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. On an ongoing basis, we evaluate our judgments and estimates in light of changes in circumstances, facts, and experience.

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-KT, we believe the following accounting policies used in the preparation of our financial statements require the most significant judgments and estimates.

Revenue Recognition

Revenue is recognized in accordance with Accounting Standards Codification ("ASC") 606, which utilizes five basic steps to determine whether revenue can be recognized and to what extent: (i) identify the contract with a customer; (ii) identify the performance obligation; (iii) determine the transaction price; (iv) allocate the transaction price; and (v) determine the recognition period.

Performance Obligations. We evaluate promised goods or services on a contract-by-contract basis to determine whether each deliverable represents a good or service that is distinct or has the same pattern of transfer as other deliverables. A promised good or service is considered distinct if the customer can benefit from the good or service independently of other goods/services either in the contract or that can be obtained elsewhere, without regard to contract exclusivity, and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract. If the promised good or service is not considered distinct, we combine such deliverables and account for them as a single performance obligation. We allocate the consideration to each performance obligation at the inception of the arrangement based on the stand-alone selling price.

Our performance obligations may include the following:

- License Arrangements. The performance obligations under our collaboration and license agreements generally include exclusive or nonexclusive licenses to one or more products generated using our technologies. Licenses for multiple antibodies within a single contract are generally combined as they have substantially the same pattern of transfer to the customer. Historically, our licenses have held no value to the customer, as the antibodies were in the discovery phase and required our expertise for further development. Accordingly, licenses are not considered distinct.
- Research and Development Services. The performance obligations under our collaboration and license agreements generally include research and development services we perform on behalf of or with our collaborators. As discussed within license arrangements above, our licenses have historically held no value without the research and development services we provide. As we generally only provide research and development services for internally generated antibodies that require a license to be utilized by a third party, our research and development services are not considered distinct.
- Steering Committee Meetings. The performance obligations under our collaboration and license agreements may also include our participation in a steering committee, which allows us to direct the progression of our discovery programs. As these steering committees would not occur or benefit the customer without the use of our licenses, these are not considered distinct.

We recognize consideration allocated to a performance obligation as the performance obligation is satisfied, and the determination as to whether consideration is recognized over time or at a point in time is made upon contract inception. For our collaboration agreements, this is generally over the period in which research and development services have been performed. There were no new agreements with performance obligations entered into during the six months ended June 30, 2026.

Transaction Price. Our collaboration and license agreements generally include both fixed and variable consideration. Fixed payments, such as those for upfront fees are included in the transaction price at contract value, while variable consideration such as reimbursement for research and development services, milestone and royalty payments are estimated and then evaluated for constraints upon inception of the contract and evaluated on a quarterly basis thereafter. Estimates for research and development services are updated for actual invoices. Given the nature of our agreements, milestones are estimated using the most likely amount and are evaluated on a quarterly basis. Upon commercialization, royalty payments are recognized in the period incurred.

Sale of Future Royalties

We treated the sale of future revenue from the *Jemperli* Royalty Monetization Agreement, as amended by the *Jemperli* Amendment, with Sagard and the Zejula Royalty Monetization Agreement with DRI as a liability related to the sale of future royalties on the balance sheet. The recorded upfront proceeds, net of transaction costs, will be amortized under the effective interest rate method over the estimated life of the related expected royalty stream. The liability and the related interest expense are based on our current estimates of future royalties and certain milestones expected to be paid over the life of the agreement. We will periodically assess the expected royalty and milestone payments and to the extent our future estimates or timing of such payments are materially different than our previous estimates, we will prospectively recognize related interest expense. Royalty revenue will be recognized as earned on net sales of *Jemperli* and Zejula, and we will record the royalty payments made as a reduction of the liability when paid. As such payments are made, the balance of the liability will be effectively repaid over the life of the *Jemperli* Royalty Monetization Agreement and the Zejula Royalty Monetization Agreement. For further discussion of the sale of future revenue, refer to Note 5 — Sale of Future Royalties in the accompanying notes to the consolidated financial statements included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-KT.

Income Taxes

We estimate our income taxes based on the various jurisdictions where we conduct business. Significant judgment is required in determining our income tax provision. The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations and the potential for future adjustment of our uncertain tax positions by the Internal Revenue Service or other taxing jurisdictions. While we believe we have appropriate support for the positions taken on our tax returns, we regularly assess the potential outcomes of examinations by tax authorities in determining the adequacy of our provision for income taxes. We continually assess the likelihood and amount of potential adjustments and adjust the income tax provision, income taxes payable, and deferred taxes in the period in which the facts that give rise to a revision become known.

We account for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered or settled. Realization of deferred tax assets is dependent upon future taxable income. A valuation allowance is recognized if it is more likely than not that some portion or all of a deferred tax asset will not be realized based on the weight of available evidence, including expected future earnings.

We recognize an uncertain tax position in our consolidated financial statements when we conclude that a tax position is more likely than not to be sustained upon examination based solely on technical merits. Only after a tax position passes the first step of recognition will measurement be required. Under the measurement step, the tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon effective settlement. This is determined on a cumulative probability basis. The full impact of any change in recognition or measurement is reflected in the period in which such change occurs. We have elected to accrue any interest or penalties related to income taxes as part of our income tax expense.

Recently Issued Accounting Pronouncements

For further information on recently issued accounting pronouncements, see Note 2 — Summary of Significant Accounting Policies in the accompanying notes to the consolidated financial statements included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-KT.

Results of Operations

Collaboration Revenue

Collaboration revenue consists of milestone payments, royalty payments, upfront license fees and transition services provided under our collaboration agreements. We recognized no milestone revenue during the six months ended June 30, 2026 and $125.0 million and $40.0 million in milestone revenue for the years ended December 31, 2025 and 2024, respectively. No collaboration revenue was allocated to discontinued operations during the six months ended June 30, 2026 or the years ended December 31, 2025 and 2024. We expect that any collaboration revenue we generate will continue to fluctuate from period to period as a result of the timing and amount of milestone payments and sales under our existing collaboration agreements, including royalty revenue from sales of *Jemperli* and Zejula.

Collaboration revenue was $53.0 million for the six months ended June 30, 2026, compared to $50.0 million for the six months ended June 30, 2025. A comparison of collaboration revenue is as follows:

	Six Months Ended June 30,		
(in thousands)	2026	2025 (unaudited)	Increase (Decrease)
GSK Royalty Revenue - Jemperli (non-cash)	51,203	38,345	$ 12,858
GSK Royalty Revenue - Zejula (non-cash)	1,604	2,019	$ (415)
Vanda License and Transition Services Revenue	237	9,670	$ (9,433)
Total collaboration revenue	$ 53,044	$ 50,034	$ 3,010

All royalty revenue recognized for the six months ended June 30, 2026 and June 30, 2025 is non-cash revenue pursuant to the Royalty Monetization Agreements. Revenue recognized under the Vanda license and transition services revenue was cash based.

Collaboration revenue was $234.6 million for the year ended December 31, 2025, compared to $91.3 million for the year ended December 31, 2024. A comparison of collaboration revenue is as follows:

	Year Ended December 31,		
(in thousands)	2025	2024	Increase
GSK Milestone Revenue	$ 75,000	$ —	$ 75,000
GSK Milestone Revenue (non-cash)	50,000	40,000	$ 10,000
GSK Royalty Revenue - Jemperli (non-cash)	95,945	47,381	$ 48,564
GSK Royalty Revenue - Zejula (non-cash)	3,917	3,899	$ 18
Vanda License and Transition Services Revenue	9,741	—	$ 9,741
Total collaboration revenue	$ 234,603	$ 91,280	$ 143,323

All royalty revenue recognized for the year ended December 31, 2025 and December 31, 2024 is non-cash revenue pursuant to the Royalty Monetization Agreements. Revenue recognized under the Vanda license and transition services revenue was cash based.

For more information, see Note 5 — Sale of Future Royalties in the accompanying notes to the consolidated financial statements included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-KT.

Research and Development Expenses

Research and development expenses were a negative $2.7 million during the six months ended June 30, 2026 compared to a negative $1.7 million expense during the six months ended June 30, 2025, for a decrease of $1.0 million. The decrease is primarily attributable to adjustments related to the closeout of clinical contracts reducing expenses incurred prior to the separation.

Research and development expenses were negative $3.6 million during the year ended December 31, 2025 compared to $11.5 million during the year ended December 31, 2024, for a decrease of $15.1 million. The decrease is primarily attributable to a $6.4

million decrease in clinical expenses, a decrease of $3.4 million in manufacturing expenses, a $0.7 million decrease in other research and development expenses, and a decrease of $4.6 million in internal research and development expenses related to salaries, stock compensation and recruiting costs.

Research and development expenses from discontinued operations were $39.5 million and $80.7 million during the six months ended June 30, 2026 and 2025, respectively.

Research and development expenses from discontinued operations were $139.6 million and $152.3 million during the year ended December 31, 2025 and 2024, respectively.

General and Administrative Expenses

General and administrative expenses were $23.4 million during the six months ended June 30, 2026 compared to $8.3 million during the six months ended June 30, 2025, for an increase of approximately $15.1 million. The increase is primarily due to a $8.2 million increase in legal expenses due to the GSK lawsuit and activity related to the separation of the business, a $5.9 million increase in personnel costs, and a $1.0 million net increase in other general and administrative expenses.

General and administrative expenses were $11.3 million during the year ended December 31, 2025 compared to $13.6 million during the year ended December 31, 2024, for a decrease of $2.3 million. The decrease is primarily related to a $3.0 million decrease in personnel costs, including stock compensation, and a net $0.3 million decrease in other general and administrative expenses, offset by an increase of $1.0 million in legal expenses.

General and administrative expenses from discontinued operations were $22.5 million and $16.4 million during the six months ended June 30, 2026 and 2025, respectively.

General and administrative expenses from discontinued operations were $39.4 million and $28.8 million during the year ended December 31, 2025 and 2024, respectively.

We expect that our general and administrative expenses will decrease for the foreseeable future as we experience fewer expenses associated with salaries and related benefits, stock compensation expense, legal, auditing and filing fees, and general compliance and consulting expenses due to the completion of the separation.

Non-Cash Interest Expense for the Sale of Future Royalties

Interest expense was $41.2 million during the six months ended June 30, 2026 compared to $37.7 million during the six months ended June 30, 2025. The increase of $3.5 million in non-cash interest expense is primarily due to an increase in the GSK *Jemperli* sales which changed the expected timing for Sagard to be paid per the *Jemperli* Royalty Monetization Agreement.

Interest expense was $79.9 million during the year ended December 31, 2025 compared to $50.1 million during the year ended December 31, 2024. The increase of $29.8 million in non-cash interest expense is primarily due to an increase in the GSK *Jemperli* sales which changed the expected timing for Sagard to be paid per the *Jemperli* Royalty Monetization Agreement.

Interest Income

Interest income was $3.3 million during the six months ended June 30, 2026 compared to $5.4 million during the six months ended June 30, 2025. The decrease of $2.1 million in interest income was primarily related to our short-term and long-term investments and the decrease in investment balances, as well as the timing of sales, maturities and purchases of our investments.

Interest income was $9.8 million during the year ended December 31, 2025 compared to $15.1 million during the year ended December 31, 2024. The decrease of $5.3 million in interest income was primarily related to our short-term and long-term investments and the decrease in investment balances, as well as the timing of sales, maturities and purchases of our investments.

Interest income from discontinued operations was $1.1 million during the six months ended June 30, 2026 compared to $2.7 million during the six months ended June 30, 2025.

Interest income from discontinued operations was $3.7 million during the year ended December 31, 2025 compared to $4.7 million during the year ended December 31, 2024.

Income taxes

Income tax benefit was $181.5 million for the six months ended June 30, 2026 compared to $0.1 million income tax expense for the six months ended June 30, 2025. The increase was primarily attributable to the release of the valuation allowance on our deferred tax assets.

Income tax expense for the years ended December 31, 2025 and 2024 was $0.8 million and $0.2 million, respectively, primarily attributable to normal recurring operations.

Income tax benefit from discontinued operations was $15.5 million for the six months ended June 30, 2026 compared to no income tax benefit or expense from discontinued operations for the six months ended June 30, 2025. The increase was primarily attributable to the allocation of a portion of the consolidated tax benefit to the loss from discontinued operations.

Income tax benefit from discontinued operations for the years ended December 31, 2025 and 2024 was $0.6 million and $0.2 million, respectively, primarily attributable to normal recurring operations.

Liquidity and Capital Resources

As of June 30, 2026, we had $164.1 million in cash, cash equivalents and investments.

In addition to our existing cash, cash equivalents and investments, we are eligible to earn milestone and other contingent payments for the achievement of defined collaboration objectives and certain regulatory and sales-based events, and royalty payments under our collaboration agreements, including the GSK Agreement, the GSK Settlement Agreement, and the Vanda License Agreement. Our ability to earn these milestone and contingent payments and the timing of achieving these milestones is primarily dependent upon the outcome of our collaborators' research and development and sales-based activities. Our rights to payments under our collaboration agreements are our only committed external source of funds.

Funding Requirements

Our primary uses of capital, after the completion of the Spin-Off, has been, and we expect will continue to be, public company costs, legal, audit and tax services, consulting, insurance, transition services from First Tracks Biotherapeutics, and general overhead costs.

Prior to the Spin-Off, our primary uses of capital were third party clinical and preclinical research and development services, including manufacturing, laboratory and related supplies, compensation and related expenses, legal, patent and other regulatory expenses, and general overhead costs.

Cash, cash equivalents and investments totaled $164.1 million as of June 30, 2026, compared to $211.6 million as of December 31, 2025. We believe that our existing cash, cash equivalents and investments will fund our current operating plan for at least the next twelve months from the issuance of our consolidated financial statements. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we expect.

Cash Flows

The following table summarizes our cash flows for the six months ended June 30, 2026 and June 30, 2025:

	Six Months Ended June 30,	
(in thousands)	**2026**	**2025 (unaudited)**
Net cash provided by (used in):		
Operating activities of continuing operations	$ (1,402)	$ (11,447)
Operating activities of discontinued operations	(51,157)	(39,497)
Investing activities of continuing operations	42,545	107,026
Investing activities of discontinued operations	—	(74)
Financing activities of continuing operations	5,644	(79,088)
Financing activities of discontinued operations	(100,000)	—
Net decrease in cash and cash equivalents	$ (104,370)	$ (23,080)

Operating Activities

Net cash used in operating activities of continuing operations during the six months ended June 30, 2026 was $1.4 million, primarily due to our net income from continuing operations of $176.4 million, adjusted for a net deduction for non-cash items of $133.2 million which includes stock-based compensation, amortization of operating right-of-use assets, non-cash interest expense, income from marketable securities, depreciation and tax benefit recorded, decreases in working capital of $44.6 million, which includes decreases related to accounts payable and other liabilities, and operating lease liabilities, income tax receivable, and prepaid expenses and other asset, partially offset by increases related to receivables from collaborative partners.

Net cash used in operating activities of continuing operations during the six months ended June 30, 2025 of $11.4 million was primarily due to our net income from continuing operations of $16.6 million, adjusted for addbacks for non-cash expenses of $38.3 million, which includes stock-based compensation, amortization of operating right-of-use assets, accretion from marketable securities, depreciation, and non-cash interest expense, and net decreases in working capital of $66.3 million, which includes decreases related to accounts payable and other liabilities, receivables from collaborative partners, and operating lease liabilities, partially offset by increases to prepaid expenses and other assets.

Investing Activities

Net cash provided by investing activities from continuing operations during the six months ended June 30, 2026 was $42.5 million, primarily due to the sale and maturities of investments.

Net cash provided by investing activities from continuing operations during the six months ended June 30, 2025 was $107.0 million, primarily due to the sale and maturities of investments.

Financing Activities

Net cash provided by financing activities of continuing operations during the six months ended June 30, 2026 was $5.6 million, primarily related to $25.3 million of cash received for the issuance of common stock partially offset by $19.7 million for principal repayments of the liability for the sale of future royalties,

Net cash used in financing activities of continuing operations during the six months ended June 30, 2025 of $79.1 million was primarily due to $23.8 million for repayments of the liability for the sale of future royalties, $55.5 million used for the repurchase and retirement of common stock, and $1.5 million for net share settlement of equity awards, partially offset by $1.7 million of cash received for the issuance of common stock.

The following table summarizes our cash flows for the years ended December 31, 2025 and December 31, 2024:

	Twelve Months Ended December 31,	
(in thousands)	**2025**	**2024**
Net cash provided by (used in):		
Operating activities of continuing operations	$ 161,788	$ 10,370
Operating activities of discontinued operations	(142,091)	(145,707)
Investing activities of continuing operations	228,119	31,721
Investing activities of discontinued operations	(87)	(358)
Financing activities of continuing operations	(132,613)	127,054
Net increase in cash and cash equivalents	$ 115,116	$ 23,080

Operating Activities

Net cash provided by operating activities from continuing operations during the year ended December 31, 2025 was $161.8 million, primarily related to net income from continuing operations of $161.5 million adjusted for addbacks for non-cash items of $80.8 million, which includes stock-based compensation, amortization of operating right-of-use assets, accretion from marketable securities, depreciation, and non-cash interest expense, offset by net decreases in working capital of $80.5 million, which includes decreases related to accounts payable and other liabilities and operating lease liabilities, partially offset by an increases related to receivables from collaborative partners, and prepaid expenses and other assets.

Net cash provided by operating activities of continuing operations during the year ended December 31, 2024 was $10.4 million, primarily related to net income from continuing operations of $31.0 million adjusted for addbacks for non-cash items of $48.8 million, which includes stock-based compensation, amortization of operating right-of-use assets, accretion from marketable securities, depreciation, and non-cash interest expense, offset by net decreases in working capital of $69.4 million, which includes decreases related to accounts payable and other liabilities, operating lease liabilities, and receivables from collaborative partners, partially offset by increases related to prepaid expenses and other assets.

Investing Activities

Cash provided by investing activities from continuing operations during the year ended December 31, 2025 was $228.1 million, primarily due to the sale and maturities of investments.

Net cash provided by investing activities of continuing operations during the year ended December 31, 2024 was $31.7 million, primarily due to the sale and maturities of investments.

Financing Activities

Net cash used in financing activities of continuing operations during the year ended December 31, 2025 was $132.6 million, primarily due to $76.8 million for repayments of the liability for the sale of future royalties, $68.6 million used for the repurchase and retirement of common stock, and $1.5 million for net share settlement of equity awards, partially offset by $14.3 million of cash received for the issuance of common stock.

Net cash provided by financing activities of continuing operations during the year ended December 31, 2024 was $127.1 million, primarily due to $94.4 million received from public offerings, $50.0 million received from the sale of future royalties, $6.5 million from the issuance of common stock, partially offset by $15.2 million for repayments of the liability for the sale of future royalties, $7.5 million for net share settlement of equity awards, $0.5 million paid for repurchases and retirements of common stock excise tax, and $0.6 million payments for offering and debt issuance costs.

Contractual Obligations

Prior to the separation of First Tracks Biotherapeutics, we had entered into agreements with certain vendors for the provision of goods and services. These agreements may include certain provisions for purchase obligations and termination obligations that could require payments for the cancellation of committed purchase obligations or for early termination of the agreements. The amount of the cancellation or termination payments vary and are based on the timing of the cancellation or termination and the specific terms of the agreement and therefore are cancellable contracts. All of these agreements were transferred to First Tracks Biotherapeutics in connection with the separation.

In connection with the separation, we entered into a transition services agreement (the "Transition Services Agreement") with First Tracks Biotherapeutics. The Transition Services Agreement will provide certain specified services for a limited time, to ensure an orderly transition following the Spin-Off. The services provided will consist of digital technology, human resources, and finance, among others.

For further information related to our operating lease, see Note 10 — Commitments and Contingencies in the accompanying notes to the consolidated financial statements included in Part II, Item 8, "Consolidated Financial Statements and Supplementary Data" of this Annual Report on Form 10-KT.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We hold certain financial instruments for which a change in prevailing interest rates may cause the principal amount of the marketable securities to fluctuate. Financial instruments that potentially subject us to significant concentrations of credit risk consist primarily of cash and cash equivalents, short-term and long-term investments. We invest our excess cash primarily in money market funds, commercial paper and debt instruments of financial institutions, corporations, U.S. government-sponsored agencies and the U.S. Treasury. The primary objectives of our investment activities are to ensure liquidity and to preserve principal while at the same time maximizing the income we receive from our marketable securities without significantly increasing risk. Additionally, we established guidelines regarding approved investments and maturities of investments, which are designed to maintain safety and liquidity. As of June 30, 2026, our investment portfolio includes cash, cash equivalents, and investments of $164.1 million that earn interest at market rates. Our investments held during the year were comprised of highly rated instruments such as money market funds, commercial obligations and U.S. Treasury securities. As of June 30, 2026, all of these instruments had a maturity of less than a year. A hypothetical increase or decrease of 100 basis points on the interest rates of our investments would not have a material effect on the fair value of our investment portfolio and any losses would only be realized if we sold the investments prior to maturity.

Foreign Currency Exchange Risk

We conduct a portion of our business with CROs in currencies other than our U.S. dollar functional currency. These transactions give rise to monetary assets and liabilities that are denominated in currencies other than the U.S. dollar. The value of these monetary assets and liabilities is subject to changes in currency exchange rates from the time the transactions are originated until settlement in cash. Our foreign currency exposures are primarily concentrated in the euro, British pound, Australian dollar, and Canadian dollar. Both realized and unrealized gains or losses on the value of these monetary assets and liabilities are included in the determination of net income. We do not hedge our foreign currency exchange rate risk; however, we may do so in the future. As of June 30, 2026, we had no material accounts payable or receivable denominated in foreign currencies, and a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have had a material impact on our consolidated financial statements.

Inflation Risk

Inflation generally affects us by increasing our clinical trial and other operational costs. We do not believe that inflation has had a material effect on our business, financial condition or results of operations during the six months ended June 30, 2026, or years ended December 31, 2025 and December 31, 2024.

Item 8. Consolidated Financial Statements and Supplementary Data

AnaptysBio, Inc.
Annual Report on Form 10-KT
Index to Audited Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
AnaptysBio, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of AnaptysBio, Inc. and subsidiary (the Company) as of June 30, 2026, December 31, 2025 and December 31, 2024, the related consolidated statements of operations and comprehensive loss, stockholders' equity (deficit), and cash flows for the six-months ended June 30, 2026 and for each of the years in the two-year period ended December 31, 2025, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2026, December 31, 2025, and December 31, 2024, and the results of its operations and its cash flows for the six-month period ended June 30, 2026 and for each of the years in the two-year period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the 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 consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of discontinued operations - First Tracks Biotherapeutics, Inc.

As discussed in Notes 1 and 12 to the consolidated financial statements, on April 20, 2026, the Company completed the separation of its clinical-stage biotechnology business (the "Spin-Off") into First Tracks Biotherapeutics, Inc. ("First Tracks Biotherapeutics"). In connection with the Spin-Off, the Company entered into a separation and distribution agreement that identified the assets transferred to or retained by, and the liabilities assumed or retained by, each of the Company and First Tracks Biotherapeutics. The operating results of First Tracks Biotherapeutics are presented in discontinued operations in the Company's consolidated financial statements, including a loss from discontinued operations, net of tax, for the six-month period ended June 30, 2026, of $45.4 million in the consolidated statements of operations and comprehensive loss.

We identified the evaluation of the Company's accounting for and presentation of discontinued operations as a critical audit matter. Subjective auditor judgment was required to evaluate management's accounting for and presentation of the assets and liabilities allocated to discontinued operations, and the related results of operations, cash flows, and disclosures.

The following are the primary procedures we performed to address this critical audit matter. We read the separation and distribution agreement and evaluated whether management's accounting position and methodology for allocating historical financial statement amounts between First Tracks Biotherapeutics and continuing operations considered the relevant facts and terms included in the agreement. We evaluated the Company's accounting analysis supporting discontinued operations classification under the applicable accounting guidance. We assessed the Company's identification of assets and liabilities and the related results of operations and cash flows of First Tracks Biotherapeutics by testing the completeness and accuracy of the Company's accounting data and schedules that segregate First Tracks Biotherapeutics from the continuing operations of the Company. We evaluated the completeness and accuracy of the presentation and disclosures related to the discontinued operations under the applicable accounting guidance.

/s/ KPMG LLP

We have served as the Company's auditor since 2009.

San Diego, California
September 21, 2026

AnaptysBio, Inc.
Consolidated Balance Sheets
(in thousands, except par value)

	June 30, 2026	December 31, 2025	December 31, 2024
ASSETS			
Current assets:			
Cash and cash equivalents	$ 133,826	$ 138,196	$ 23,080
Receivables from collaborative partners	25,634	33,850	40,765
Short-term investments	30,317	73,442	262,293
Prepaid expenses and other current assets	8,650	—	1,178
Current assets of discontinued operations	—	104,762	104,560
Total current assets	198,427	350,250	431,876
Property and equipment, net	102	111	131
Deferred tax asset	106,639	—	—
Operating lease right-of-use assets	11,560	12,519	14,383
Long-term investments	—	—	35,470
Other long-term assets	256	256	256
Non-current assets of discontinued operations	—	1,259	1,718
Total assets	$ 316,984	$ 364,395	$ 483,834
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable	$ 4,394	$ 3,871	$ 4,002
Accrued expenses	28,798	32,674	39,501
Current portion of operating lease liability	2,161	2,080	1,925
Total current liabilities	35,353	38,625	45,428
Liability related to sale of future royalties	256,493	276,528	353,426
Long-term taxes payable	3,619	—	—
Operating lease liability, net of current portion	10,934	12,032	14,112
Stockholders' equity:			
Preferred stock, $0.001 par value, 10,000 shares authorized and no shares, issued or outstanding at June 30, 2026, December 31, 2025 and December 31, 2024, respectively	—	—	—
Common stock, $0.001 par value, 500,000 shares authorized, 29,728 shares, 28,019 shares and 30,473 shares issued and outstanding at June 30, 2026, December 31, 2025, and December 31, 2024, respectively	30	28	30
Additional paid in capital	652,269	809,765	829,860
Accumulated other comprehensive (loss) gain	(151)	(24)	305
Accumulated deficit	(641,563)	(772,559)	(759,327)
Total stockholders' equity	10,585	37,210	70,868
Total liabilities and stockholders' equity	$ 316,984	$ 364,395	$ 483,834

See accompanying notes to consolidated financial statements.

AnaptysBio, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except per share data)

	Six Months Ended June 30, 2026	Year Ended December 31, 2025	Year Ended December 31, 2024
Collaboration revenue	$ 53,044	$ 234,603	$ 91,280
Operating expenses:			
Research and development	(2,668)	(3,644)	11,495
General and administrative	23,390	11,345	13,633
Total operating expenses	20,722	7,701	25,128
Income from operations	32,322	226,902	66,152
Other income (expense), net:			
Interest income	3,252	9,813	15,074
Sublease income	526	—	—
Non-cash interest expense for the sale of future royalties	(41,192)	(79,893)	(50,087)
Other (expense) income, net	(1)	5,453	—
Total other expense, net	(37,415)	(64,627)	(35,013)
(Loss) income before income taxes	(5,093)	162,275	31,139
Benefit (provision) for income taxes	181,451	(772)	(158)
Income from continuing operations	176,358	161,503	30,981
Loss from discontinued operations, net of tax	(45,362)	(174,735)	(176,212)
Net income (loss)	130,996	(13,232)	(145,231)
Other comprehensive loss:			
Unrealized (loss) gain on available for sale securities	(127)	(329)	1,102
Comprehensive gain (loss)	$ 130,869	$ (13,561)	$ (144,129)
Net income (loss) per common share:			
Income from continuing operations - basic	$ 6.09	$ 5.62	$ 1.09
Loss from discontinued operations - basic	(1.57)	(6.08)	(6.21)
Net income (loss) per common share - basic	$ 4.52	$ (0.46)	$ (5.12)
Income from continuing operations - diluted	$ 4.71	$ 5.34	$ 1.05
Loss from discontinued operations - diluted	(1.21)	(5.78)	(5.97)
Net income (loss) per common share - diluted	$ 3.50	$ (0.44)	$ (4.92)
Weighted-average number of shares outstanding:			
Basic	28,979	28,758	28,382
Diluted	37,476	30,233	29,544

See accompanying notes to consolidated financial statements.

AnaptysBio, Inc.
Consolidated Statements of Stockholders' Equity (Deficit)
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance, January 1, 2024	26,597	27	702,969	(797)	(614,096)	88,103
Issuance of common stock from exercises of options and employee stock purchase plan	364	—	6,473	—	—	6,473
Issuance of common stock upon vesting of restricted stock units	1,108	—	—	—	—	—
Net share settlement of restricted stock units	(347)	—	(7,504)	—	—	(7,504)
Issuance of common stock, net of $6,516 of transaction costs	2,751	3	93,874	—	—	93,877
Stock-based compensation	—	—	34,048	—	—	34,048
Comprehensive income	—	—	—	1,102	—	1,102
Net loss	—	—	—	—	(145,231)	(145,231)
Balance, December 31, 2024	30,473	30	829,860	305	(759,327)	70,868
Issuance of common stock from exercises of options and employee stock purchase plan	732	1	14,290	—	—	14,291
Issuance of common stock upon vesting of restricted stock units	356	—	—	—	—	—
Net share settlement of restricted stock units	(98)	—	(1,451)		—	(1,451)
Repurchases and retirements of common stock	(3,444)	(3)	(69,006)	—	—	(69,009)
Stock-based compensation	—	—	36,072	—	—	36,072
Comprehensive loss	—	—	—	(329)	—	(329)
Net loss	—	—	—	—	(13,232)	(13,232)
Balance, December 31, 2025	28,019	28	809,765	(24)	(772,559)	37,210
Issuance of common stock from exercises of options and employee stock purchase plan	1,230	2	26,679	—	—	26,681
Issuance of common stock upon vesting of restricted stock units	479	—	—	—	—	—
Spin-off of First Tracks Biotherapeutics	—	—	(109,243)	—	—	(109,243)
Tax effect on the gain from Spin-Off of First Tracks Biotherapeutics	—	—	(96,227)	—	—	(96,227)
Stock-based compensation	—	—	21,295	—	—	21,295
Comprehensive loss	—	—	—	(127)	—	(127)
Net income	—	—	—	—	130,996	130,996
Balance, June 30, 2026	29,728	$ 30	$ 652,269	$ (151)	$ (641,563)	$ 10,585

See accompanying notes to consolidated financial statements.

AnaptysBio, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Six Months Ended June 30, 2026	Year Ended December 31, 2025	Year Ended December 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 130,996	$ (13,232)	$ (145,231)
Less: Loss from discontinued operations, net of tax	45,362	174,735	176,212
Net income from continuing operations	176,358	161,503	30,981
Adjustments to reconcile net income from continuing operations to net cash provided by (used in) operating activities:			
Depreciation and amortization	9	20	20
Stock-based compensation	8,320	3,772	7,221
Accretion/amortization of investments, net	30	(4,734)	(10,313)
Amortization of right-of-use assets – operating	959	1,864	1,791
Non-cash interest expense for sale of future royalties	41,192	79,893	50,087
Deferred tax benefit	(183,699)	—	—
Changes in operating assets and liabilities:			
Receivables from collaborative partners	8,216	6,915	(33,914)
Prepaid expenses and other assets	(3,672)	1,814	112
Accounts payable and other liabilities	(44,853)	(87,334)	(33,838)
Income tax receivable	(3,245)	—	—
Operating lease liabilities	(1,017)	(1,925)	(1,777)
Net cash (used in) provided by operating activities of continuing operations	(1,402)	161,788	10,370
Net cash used in operating activities of discontinued operations	(51,157)	(142,091)	(145,707)
Net cash (used in) provided by operating activities	(52,559)	19,697	(135,337)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(4,955)	(196,411)	(380,376)
Sales and maturities of investments	47,500	424,530	412,097
Net cash provided by investing activities of continuing operations	42,545	228,119	31,721
Net cash used in investing activities of discontinued operations	—	(87)	(358)
Net cash provided by investing activities	42,545	228,032	31,363
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from public offerings, net of underwriters' fees	—	—	94,369
Proceeds from issuance of common stock	25,371	14,261	6,473
Proceeds from the sale of future royalties	—	—	50,000
Principal repayment of liability for sale of future royalties	(19,727)	(76,797)	(15,233)
Payments for repurchase of common stock	—	(68,626)	(456)
Payment for net share settlement of equity awards	—	(1,451)	(7,504)
Payments for offering costs, net	—	—	(492)
Payments for issuance costs related to the sale of future royalties	—	—	(103)
Net cash provided by (used in) financing activities of continuing operations	5,644	(132,613)	127,054
Net cash used in financing activities of discontinued operations	(100,000)	—	—
Net cash (used in) provided by financing activities	(94,356)	(132,613)	127,054
Net (decrease) increase in cash and cash equivalents	(104,370)	115,116	23,080
Cash and cash equivalents in continued operations, beginning of period	138,196	23,080	—
Cash and cash equivalents within discontinued operations, beginning of period	100,000	100,000	100,000
Less: Cash and cash equivalents within discontinued operations, end of period	—	100,000	100,000
Cash and cash equivalents in continued operations, end of period	$ 133,826	$ 138,196	$ 23,080
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Interest portion of repayment for sale of future royalties	$ 41,500	$ 79,994	$ 42,132
Income taxes paid	$ 5,582	$ 78	$ —
Non-cash investing and financing activities:			
Amounts accrued for property and equipment	$ —	$ —	$ 7
Amounts accrued for repurchase of common stock	$ —	$ 382	$ —
Receivable related to issuance of common stock, upon exercise of stock options	$ 1,310	$ 29	$ —

See accompanying notes to consolidated financial statements.

AnaptysBio, Inc.
Notes to Consolidated Financial Statements

1. Description of the Business

AnaptysBio, Inc. (“we,” “us,” “our,” or the “Company”) was incorporated in the state of Delaware in November 2005. Prior to the separation described below, we were a clinical-stage biotechnology company focused on delivering innovative immunology therapeutics for autoimmune and inflammatory diseases. Our clinical-stage pipeline included ANB033, rosnilimab and ANB101. We also discovered and out-licensed, in financial collaborations, multiple therapeutic antibodies, including a PD-1 antagonist (*Jemperli* (dostarlimab-gxly) or “*Jemperli*”) to GSK and an IL-36R antagonist (“Quimilza”) to Vanda Pharmaceuticals Inc. (“Vanda”). We recognize revenue from milestones and royalties achieved under our immuno-oncology collaboration with GSK and license and transition services revenue from our collaboration with Vanda.

Our management believes our currently available resources will provide sufficient funds to enable us to meet our operating plans for at least the next 12 months from the issuance of our consolidated financial statements. The accompanying consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

First Tracks Biotherapeutics Separation

In September 2025, we announced that our board of directors (“Board of Directors”) approved plans to explore separating our business into two independent, publicly traded companies. We would hold and continue to manage the financial collaboration for *Jemperli* with GSK and for Quimilza with Vanda, with a focus on protecting and returning value of the royalties to its stockholders. The spun-out company is a clinical-stage biotechnology company focused on the development and potential commercialization of innovative therapeutics for autoimmune and inflammatory diseases, including ANB033, rosnilimab and ANB101. This separation (the “Spin-Off”) was completed on April 20, 2026.

The Spin-Off of First Tracks Biotherapeutics, Inc. (“First Tracks Biotherapeutics”) was achieved through our pro rata distribution of 29,100,902 shares of common stock of First Tracks Biotherapeutics to holders of record of our common stock. Each holder of record of our common stock received one share of First Tracks Biotherapeutics’ common stock for every one share of our common stock held on April 6, 2026, the record date for the distribution.

In connection with the Spin-Off, we entered into a separation and distribution agreement (the “Separation and Distribution Agreement”) with First Tracks Biotherapeutics. The Separation and Distribution Agreement identifies the assets transferred to (including the contracts assigned) or retained by, and the liabilities assumed or retained by, each of us and First Tracks Biotherapeutics. Pursuant to the Separation and Distribution Agreement, on the Distribution Date, $100 million in cash and cash equivalents was allocated to First Tracks Biotherapeutics from us. Furthermore, all accounts payable and accrued liabilities were assumed by us. The results of First Tracks Biotherapeutics are included within discontinued operations in our consolidated financial statements. See Note 12 for further details.

Change in Fiscal Year End

On May 18, 2026, the Board of Directors approved a change to the Company’s fiscal year end from December 31 to June 30, resulting in a six-month transition period from January 1, 2026 to June 30, 2026 (the “Transition Period”). As a result of this change, we are filing this Transition Report on Form 10-KT for the six-month period ended June 30, 2026, pursuant to Rule 15d-10(e)(2) of the Exchange Act.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), with the spin-off of the Biopharma segment presented as discontinued operations. See further details in Note 12, Discontinued Operations. The accompanying financial statements for periods prior to the Spin-Off have been recast to reflect discontinued operations.

Basis of Consolidation

The accompanying consolidated financial statements include us and our wholly owned Australian subsidiary, which was deregistered with the Australian Securities & Investments Commission as of June 30, 2025. The deregistration did not have a material impact on our consolidated financial statements. All intercompany accounts and transactions have been eliminated in consolidation. Our functional and reporting currency is the U.S. dollar.

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. We base our estimates and assumptions on historical experience when available and on various factors that we believe to be reasonable under the circumstances. Significant estimates relied upon in preparing these financial statements include estimates related to revenue recognition, accrued research and development expenses, stock-based compensation, and the liability related to the sale of future royalties. We evaluate our estimates and assumptions on an ongoing basis. Our actual results could differ from these estimates under different assumptions or conditions.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents consist primarily of money market and mutual funds with original maturities of 90 days or less.

Short-Term and Long-Term Investments

All investments have been classified as “available-for-sale” and are carried at fair value as determined based upon quoted market prices or pricing models for similar securities at period end. Investments with contractual maturities less than 12 months at the balance sheet date are considered short-term investments. Those investments with contractual maturities 12 months or greater at the balance sheet date are considered long-term investments. Dividend and interest income are recognized when earned. Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of securities sold. Unrealized gains and losses are reported as a component of accumulated other comprehensive income (loss). We review our portfolio of available-for-sale debt securities, using both quantitative and qualitative factors, to determine if declines in fair value below cost have resulted from a credit-related loss or other factors. If the decline in fair value is due to credit-related factors, a loss is recognized in net income, whereas if the decline in fair value is not due to credit-related factors, the loss is recorded in other comprehensive income (loss). No credit impairment losses have been recorded during the six months ended June 30, 2026, year ended December 31, 2025, or year ended December 31, 2024.

Concentration of Credit Risk

Financial instruments that potentially subject us to a concentration of credit risk consist of cash and cash equivalents and certain investments in money market funds, certificates of deposit, agency securities, commercial obligations and U.S. Treasury securities. Bank deposits are diversified between three financial institutions and these deposits may exceed insured limits. We are exposed to credit risk in the event of default by the financial institutions holding our cash and cash equivalents and issuers of investments that are recorded on our consolidated balance sheets. We mitigate our risk by investing in high-grade instruments and limiting the concentration in any one issuer, which limits our exposure.

Property and Equipment, net

Property and equipment are stated at cost, less accumulated depreciation. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements are amortized using the straight-line method over the term of the lease. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the statement of operations.

Long Lived Assets

Long-lived assets, consisting of property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If circumstances require a long-lived asset or asset group to be tested for possible impairment, we first compare undiscounted cash flows expected to be generated by the asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized and is measured as the amount by which the carrying value exceeds the estimated fair value of the assets. No impairment charges were recorded during the six months ended June 30, 2026, or the years ended December 31, 2025, and December 31, 2024.

Leases

Our leases consist of a lease for office and lab space that is classified as an operating lease. We determine if an arrangement is a lease at inception. Rent expense is recognized on a straight-line basis. When an operating lease includes rent abatements or requires fixed escalations of the minimum lease payments, the aggregate rental expense is recognized on a straight-line basis over the term of the lease. When an operating lease includes lease incentives such as leasehold improvement allowances, the lease incentive is included in the ROU asset. For leases that have greater than a 12-month lease term, the ROU assets and lease liabilities are recognized based on the present value of the future minimum unpaid lease payments over the lease term. For this purpose, we consider only payments that are fixed and determinable at the time of commencement.

As our lease does not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. We account for fixed lease components separately from non-lease components.

We elected the practical expedient to not record leases with an initial term of 12 months or less on the balance sheet and recognize the associated lease payments in the consolidated statements of operations on a straight-line basis over the lease term.

We sublease our office and lab space and the sublease is classified as an operating lease. Sublease income is recognized on a straight-line basis over the term of the sublease agreement and is recorded within other income, net, on the consolidated statements of operations.

Liability Related to the Sale of Future Royalties

We treat the liability related to the sale of future royalties as debt, amortized under the effective interest rate method over the estimated life of the *Jemperli* Royalty Monetization Agreement and the Zejula Royalty Monetization Agreement. For more information, see Note 5. The amortization of the liability related to the sale of future revenue is based on our current estimates of future royalty payments. Royalty and milestone revenue will be recognized as earned and the payments made will be recorded as a reduction of the liability when paid.

Debt Issuance Costs

Debt issuance costs related to a recognized debt liability are deferred and amortized over the term of the debt using the effective interest method. These costs are recorded as a direct reduction to the carrying value of the debt on the balance sheet and the amortization expense is included in non-cash interest expense in the statement of operations.

Non-Cash Interest Expense on the Liability Related to the Sale of Future Royalties

The total threshold of royalties to be paid, less the net proceeds received will be recorded as non-cash interest expense over the life of the liability. We impute interest on the unamortized portion of the liability using the effective interest method and record expense based on the timing of payments received over the term of the *Jemperli* Royalty Monetization Agreement and the Zejula Royalty Monetization Agreement. Over the course of the agreement, the actual interest rate will be affected by the timing of royalty and milestone payments made and changes in the forecasted revenue.

Revenue Recognition

Revenue is recognized in accordance with revenue recognition accounting guidance, which utilizes five basic steps to determine whether revenue can be recognized and to what extent: (i) identify the contract with a customer; (ii) identify the performance obligation; (iii) determine the transaction price; (iv) allocate the transaction price; and (v) determine the recognition period.

Performance Obligations. We evaluate deliverables on a contract-by-contract basis to determine whether each deliverable represents a good or service that is distinct or has the same pattern of transfer as other deliverables. A deliverable is considered distinct if the customer can benefit from the good or service independently of other goods/services either in the contract or that can be obtained elsewhere, without regard to contract exclusivity, and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract. If the deliverable is not considered distinct, we combine such deliverables and account for them as a single performance obligation. We allocate the consideration to each deliverable at the inception of the arrangement based on the stand-alone selling price.

Our performance obligations may include the following:

- License Arrangements. The performance obligations under our collaboration and license agreements generally include exclusive or nonexclusive licenses to one or more products generated using our technologies. Licenses for multiple antibodies within a single contract are generally combined as they have substantially the same pattern of transfer to the customer. Historically, our licenses have held no value to the customer, as the antibodies were in the discovery phase and required our expertise for further development. Accordingly, licenses are not considered distinct.
- Research and Development Services. The performance obligations under our collaboration and license agreements generally include research and development services we perform on behalf of or with our collaborators. As discussed within license arrangements above, our licenses have historically held no value without the research and development services we provide. As we generally only provide research and development services for internally generated antibodies that require a license to be utilized by a third party, our research and development services are not considered distinct.
- Steering Committee Meetings. The performance obligations under our collaboration and license agreements may also include our participation on steering committees, which allows us to direct the progression of our discovery programs. As these steering committees would not occur or benefit the customer without the use of our licenses, these are not considered distinct.

We recognize consideration allocated to a performance obligation as the performance obligation is satisfied, and the determination as to whether consideration is recognized over time or at a point in time is made upon contract inception. For our collaboration agreements, this is generally over the period in which research and development services have been performed. There were no new agreements with performance obligations entered into during the six months ended June 30, 2026.

Transaction Price. Our collaboration and license agreements generally include both fixed and variable consideration. Fixed payments, such as those for upfront fees, are included in the transaction price at contract value, while variable consideration such as reimbursement for research and development services, milestone and royalty payments are estimated and then evaluated for constraints upon inception of the contract and evaluated on a quarterly basis thereafter. Research and development services are updated for actual invoices. Given the nature of our agreements, milestones are estimated using the most likely amount and are evaluated on a quarterly basis. Upon commercialization, royalty payments will be recognized in the period incurred.

Royalty Revenue

We receive royalty revenue on sales by our partners of products covered by patents or contract rights that we own and net sales of their approved drugs, where we have concluded the license is the predominant item to which the royalties relate. We do not have future performance obligations under these license arrangements. We generally satisfy our obligation to grant intellectual property rights on the effective date of the contract. However, we apply the royalty recognition constraint required under the guidance for sales-based royalties, which requires a sales-based royalty to be recorded when the underlying sale occurs. Therefore, royalties on sales of products commercialized by our partners are recognized in the quarter the product is sold. Our partners generally report sales information to us on a quarter lag. Thus, we estimate the expected royalty proceeds based on an analysis of our partners' historical experience including their publicly announced sales. Differences between actual and estimated royalty revenues are adjusted for in the period in which they become known, typically the following quarter. As of June 30, 2026, there have not been material differences between actual and estimated royalty revenues.

Research and Development Expenses

Research and development costs primarily include third-party clinical and preclinical research and development services such as manufacturing, laboratory and related supplies, salaries and personnel-related costs, in-licensing fees, outside services, and an allocation of information technology and facility overhead costs.

Costs associated with research and development activities are expensed as incurred. We account for nonrefundable advance payments for goods and services that will be used in future research and development activities as expense when the service has been performed or when the goods have been received. We estimate research and development costs incurred during the period, which impacts the amount of accrued expenses and prepaid balances related to such costs as of each balance sheet date. This process involves reviewing open contracts and purchase orders, communicating with our personnel and service providers to identify services that have been performed on our behalf 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 based on facts and circumstances known to us at that time. We periodically confirm the accuracy of our estimates with the service providers and make adjustments if necessary. The significant estimates in our accrued research and development expenses include the costs incurred for services performed by our vendors in connection with research and development activities for which we have not yet been invoiced.

Upfront and milestone payments incurred under our in-licensing agreements are expensed as research and development in the period in which they are incurred, provided that the technology or method has no alternative future use.

Stock-Based Compensation

We recognize stock-based compensation expense using a fair-value-based method for costs related to all share-based payments, including stock options. Stock-based compensation cost for stock options granted to our employees and directors is measured at the grant date based on the fair-value of the award which is estimated using the Black-Scholes option-pricing model, and is recognized as expense over the requisite service period on a straight-line basis. We recognize forfeitures in the period in which forfeitures occur and record stock-based compensation expense as though all awards are expected to vest.

We record the expense for stock-based compensation awards subject to performance-based milestone vesting over the requisite service period when management determines that achievement of the milestone is probable. Management evaluates when the achievement of a performance-based milestone is probable based on the expected satisfaction of the performance conditions at each reporting date.

Each Restricted Stock Unit ("RSU") represents one equivalent share of our common stock to be issued after satisfying the applicable continued service-based vesting criteria over a specified period. The fair value of these RSUs is based on the closing price of our common stock on the date of the grant. We measure compensation expense over the expected vesting period on a straight-line basis.

Each Performance Stock Unit ("PSU") represents one equivalent share of our common stock to be issued after achievement of the performance metrics specified in the grant. The fair value of our PSUs is estimated as of the grant date, based upon the expected achievement of the performance metrics specified in the grant and the closing market price of our common stock on the date of grant. The grant date fair value is estimated using a Monte Carlo simulation. The compensation expense for the awards is recognized over the requisite service period regardless of whether the market conditions are achieved and will only be adjusted for pre-vesting forfeitures due to the termination of the recipient's employment with the Company prior to the expiration of the requisite service period.

Historically, we maintained a full valuation allowance against our net deferred tax assets which precluded recognition of tax benefits related to stock-based compensation. During the six months ended June 30, 2026, we released a substantial portion of the valuation allowance based on our assessment that it is more likely than not that our deferred tax assets will be realized. As a result, we now recognize tax benefits for costs associated with deductible share based compensation awards as they arise.

Segment Reporting

ASC Topic 280, Segment Reporting, establishes standards for companies to report financial statement information about operating segments. Operating segments are defined as components of an enterprise engaging in business activities for which separate financial information is available that is regularly evaluated by the company's chief operating decision-makers in deciding how to allocate resources and assess performance. Our chief operating decision maker ("CODM") has been identified as the Chief Executive Officer. During fiscal year 2025, in connection with the planned separation of the businesses, the CODM changed the information he regularly reviews in evaluating the allocation of resources and assessing operating performance. As a result of these changes, we updated our segment reporting to reflect two operating segments: Biopharma and Royalty Management. Our Biopharma segment focuses on the development and potential commercialization of innovative immunology therapeutics for autoimmune and inflammatory diseases and our Royalty Management segment manages the financial collaboration for *Jemperli* from GSK and for Quimilza from Vanda. As of the Spin-Off date, our Biopharma segment spun off and became First Tracks Biotherapeutics and we now operate in one reportable segment.

Income Taxes

We account for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered or settled. Realization of deferred tax assets is dependent upon future taxable income. A valuation allowance is recognized if it is more likely than not that some portion or all of a deferred tax asset will not be realized based on the weight of available evidence, including expected future earnings.

We recognize an uncertain tax position in our consolidated financial statements when we conclude that a tax position is more likely than not to be sustained upon examination based solely on technical merits. Only after a tax position passes the first step of recognition will measurement be required. Under the measurement step, the tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon effective settlement. This is determined on a cumulative probability basis. The full impact of any change in recognition or measurement is reflected in the period in which such change occurs. We have elected to accrue any interest or penalties related to income taxes as part of our income tax expense.

Functional Currency of Foreign Operations

Our Australian subsidiary operated in a U.S. dollar functional currency environment. Assets and liabilities of our foreign subsidiary that were not denominated in the functional currency were remeasured into U.S. dollars at foreign currency exchange rates in effect at the balance sheet date except for nonmonetary assets and capital accounts, which were remeasured at historical foreign currency exchange rates in effect at the date of transaction. Expenses were generally remeasured at monthly foreign currency exchange rates, which approximate average rates in effect during each period. Net realized and unrealized gains and losses from foreign currency transactions and remeasurement were reported in other income (expense), net, in the consolidated statements of operations.

Comprehensive Income (Loss)

Comprehensive income (loss) represents all changes in stockholders' equity except those resulting from distributions to stockholders. Our unrealized gains and losses on available-for-sale investments represent the only component of other comprehensive income (loss) that is excluded from the reported net income (loss).

Net Income (Loss) Per Common Share

Basic net loss per common share is computed by dividing net loss by the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing net loss by the weighted-average number of common equivalent shares outstanding for the period, as well as any dilutive effect from outstanding stock options and awards using the treasury stock method. Common stock equivalents outstanding are comprised of stock options, restricted stock units ("RSUs") and employee stock purchase plan rights and are only included in the calculation of diluted earnings per common share when income from continuing operations is reported and their effect is dilutive.

The following table sets forth the weighted-average outstanding potentially dilutive securities that have been excluded in the calculation of diluted net loss per share because to do so would be anti-dilutive (in common stock equivalent shares):

(in thousands)	Six Months Ended June 30, 2026	Year Ended December 31, 2025	Year Ended December 31, 2024
Options to purchase common stock	613	4,954	5,181
Stock awards	15	31	13
Total	628	4,985	5,194

Accounting Pronouncements

We have implemented all new accounting pronouncements that are in effect and may have an impact on our consolidated financial statements. Unless otherwise discussed, we believe the impact of any recently issued and not yet effective pronouncements will not have a material impact on our consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,* which requires disclosure about the types of costs and expenses included in certain expense captions presented on the income statement. The new disclosure requirements are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. We are currently evaluating the provisions of this guidance and assessing the potential impact on our financial statement disclosures.

In December 2025, the FASB issued ASU No. 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements,* which clarifies the guidance in Topic 270 to improve the consistency of interim financial reporting. The ASU provides a comprehensive list of required interim disclosures and introduces a disclosure principle requiring entities to disclose events since the end of the last annual period that have a material impact on the entity. ASU 2025-11 is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, with early adoption permitted. We are currently evaluating the impact of adoption on our financial statement disclosures.

3. Balance Sheet Accounts and Supplemental Disclosures

Property and Equipment, Net

Property and equipment, net consist of the following:

(in thousands)	June 30, 2026	December 31, 2025	December 31, 2024
Leasehold improvements[1]	$ 203	$ 203	$ 203
Less: accumulated depreciation and amortization	(101)	(92)	(72)
Total property and equipment, net	$ 102	$ 111	$ 131

(1) All leasehold improvements remained with AnaptysBio as part of the Spin-Off.

Accrued Expenses

Accrued expenses consist of the following:

(in thousands)	June 30, 2026	December 31, 2025	December 31, 2024
Accrued compensation and related expenses	$ 5,872	$ 11,094	$ 8,449
Accrued professional fees and other expenses	4,411	4,796	839
Accrued research, development and manufacturing expenses	14,289	16,402	30,213
Accrued for repurchases of common stock	—	382	—
Accrued liability - First Tracks Biotherapeutics	4,226	—	—
Total accrued expenses	$ 28,798	$ 32,674	$ 39,501

Accrued research, development and manufacturing expenses include amounts incurred prior to the Spin-Off.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

(in thousands)	June 30, 2026	December 31, 2025	December 31, 2024
Other Receivables	$ 2,761	$ —	$ —
Income taxes receivable	3,238	—	—
Prepaid expenses	2,651	—	1,178
Total prepaid expenses and other assets	$ 8,650	$ —	$ 1,178

4. Collaborative Research and Development Agreements

GSK Collaboration

In March 2014, we entered into a Collaboration and Exclusive License Agreement (the "GSK Agreement") with TESARO, Inc. ("Tesaro"), an oncology-focused biopharmaceutical subsidiary of GSK (Tesaro and GSK are hereinafter referred to, collectively, as "GSK"). Currently, under the GSK Agreement, GSK is developing *Jemperli* (dostarlimab) as a monotherapy and in combination with additional therapies, for various solid tumor indications.

For dostarlimab, the remaining development program under the GSK Agreement, we are eligible to receive milestone payments if a European regulatory submission and approval in a second indication is achieved. On October 23, 2020, Amendment No. 3 to the GSK Agreement (the "GSK Amendment No. 3") was agreed to by both parties to permit GSK to conduct development and commercialization in combination with any third party molecules of Zejula, an oral, once-daily poly (ADP-ribose) polymerase (PARP) inhibitor ("Zejula"). Under GSK Amendment No. 3, we were granted increased royalties upon sales of *Jemperli*, equal to 8% of net sales (as defined in the GSK Agreement) below $1.0 billion, 12% of net sales between $1.0 billion and $1.5 billion, 20% of net sales between $1.5 billion and $2.5 billion and 25% of net sales above $2.5 billion. Unless earlier terminated by either party upon specified circumstances, the GSK Agreement will terminate, with respect to each specific developed product, upon the later of the 12th anniversary of the first commercial sale of the product or the expiration of the last to expire of any patent.

We assessed these arrangements in accordance with Accounting Standards Codification ("ASC") 606 and concluded that the contract counterparty, GSK, is a customer. We identified the following material promises under the GSK Agreement: (1) the licenses under certain patent rights and transfer of certain development and regulatory information, (2) research and development ("R&D") services, and (3) joint steering committee meetings. We considered the research and discovery capabilities of GSK for these specific programs and the fact that the discovery and optimization of these antibodies is proprietary and could not, at the time of contract inception, be provided by other vendors, to conclude that the license does not have stand-alone functionality and is therefore not distinct. Additionally, we determined that the joint steering committee participation would not have been provided without the R&D services and GSK Agreement. Based on these assessments, we identified all services to be interrelated and therefore concluded that the promises should be combined into a single performance obligation at the inception of the arrangement.

As of June 30, 2026, the transaction price for the GSK Agreement and its associated amendments includes the upfront payment, research reimbursement revenue and milestones and royalties earned to date, which are allocated in their entirety to the single performance obligation.

We recognized $52.8 million in royalty revenue during the six months ended June 30, 2026 related to GSK's net sales of *Jemperli* and Zejula during the period, which we estimate based on either GSK's prior sales experience or actuals. Of the royalty revenue recognized during the six months ended June 30, 2026, $51.2 million is *Jemperli* non-cash revenue related to the *Jemperli* Royalty Monetization Agreement (as amended), and $1.6 million is Zejula non-cash revenue related to the Zejula Monetization Agreement, each of such agreements as described in Note 5. We recognized $99.9 million in royalty revenue during the year ended December 31, 2025, related to GSK's net sales of *Jemperli* and Zejula during the period based on GSK's prior sales experience or actuals. Of the royalty revenue recognized during the year ended December 31, 2025, $96.0 million is *Jemperli* non-cash revenue related to the *Jemperli* Royalty Monetization Agreement (as amended) and $3.9 million is Zejula non-cash revenue related to the Zejula Royalty Monetization Agreement. We recognized $51.3 million in royalty revenue during the year ended December 31, 2024, related to GSK's net sales of *Jemperli* and Zejula during the period based on GSK's prior sales experience or actuals. Of the royalty revenue recognized during the year ended December 31, 2024, $47.4 million is *Jemperli* non-cash revenue related to the *Jemperli*

Royalty Monetization Agreement (as amended) and $3.9 million is Zejula non-cash revenue related to the Zejula Royalty Monetization Agreement. GSK reports sales information to us on a one quarter lag and differences between actual and estimated royalty revenues will be adjusted in the following quarter.

No clinical or sales milestones were recognized during the six months ended June 30, 2026. Two sales milestones, for a total of $125.0 million, were recognized during the year ended December 31, 2025 when *Jemperli* annual sales exceeded both the $750.0 million and $1.0 billion thresholds. The $75.0 million cash milestone which was achieved when annual sales exceeded $1.0 billion was paid to us, as we retained the rights to this milestone. The $50.0 million milestone, achieved when sales exceeded $750.0 million, was paid to Sagard. Two sales milestones, for a total of $40.0 million, were recognized during the year ended December 31, 2024 when *Jemperli* annual sales exceeded both the $250.0 million and $500.0 million sales thresholds. Aside from the $75.0 million milestone, these sales milestones represent *Jemperli* non-cash revenue related to the *Jemperli* Royalty Monetization Agreement (as amended). No other future clinical or regulatory milestones have been included in the transaction price, as all future milestone amounts were subject to the revenue constraint. As part of the constraint evaluation, we considered numerous factors including the fact that the receipt of milestones is outside of our control and contingent upon regulatory filing and approval in a second indication, an outcome that is difficult to predict, and GSK's efforts. We will re-evaluate the variable transaction price in each reporting period and as uncertain events are resolved or other changes in circumstances occur.

Milestones under the GSK Agreement are as follows:

	PD-1 (*Jemperli*/Dostarlimab)	
Milestone Event	**Amount**	**Quarter Recognized**
Initiated in vivo toxicology studies using good laboratory practices (GLPs)	$1.0M	Q2'15
IND clearance from the FDA	$4.0M	Q1'16
Phase 2 clinical trial initiation	$3.0M	Q2'17
Phase 3 clinical trial initiation - first indication	$5.0M	Q3'18
Phase 3 clinical trial initiation - second indication	$5.0M	Q2'19
Filing of the first BLA(1) - first indication	$10.0M	Q1'20
Filing of the first MAA(2) - first indication	$5.0M	Q1'20
Filing of the first BLA - second indication	$10.0M	Q1'21
First BLA approval - first indication	$20.0M	Q2'21
First MAA approval - first indication	$10.0M	Q2'21
First BLA approval - second indication	$20.0M	Q3'21
Filing of the first MAA - second indication(3)	$5.0M	—
First MAA approval - second indication(3)	$10.0M	—
First commercial sales milestone(3)	$15.0M	Q3'24
Second commercial sales milestone(3)	$25.0M	Q4'24
Third commercial sales milestone(3)	$50.0M	Q3'25
Fourth commercial sales milestone(4)	$75.0M	Q4'25
Milestones recognized through June 30, 2026	$258.0M	—
Milestones that may be recognized in the future	$15.0M	—

(1) Biologics License Application ("BLA")

(2) Marketing Authorization Application ("MAA")

(3) For *Jemperli*, the filing and approval of the first MAA for a second indication and first three commercial sales milestones are included as part of the royalty monetization agreement with Sagard (as defined below). For more information, see Note 5. Cash is generally received within 30 days of milestone achievement.

(4) For *Jemperli*, we retained the rights to a $75.0 million sales milestone when *Jemperli* annual net sales exceeded $1 billion. We received the cash milestone payment in December 2025.

We are currently party to litigation with GSK with respect to the GSK Agreement. See Item 3. "Legal Proceedings" for additional information.

Vanda Collaboration

On January 31, 2025, we entered into an Exclusive License Agreement (the "Vanda License Agreement") with Vanda pursuant to which we granted to Vanda an exclusive, global license for the development and commercialization of Quimilza (IL-36R antagonist mAb), which has completed two registration-enabling global Phase 3 trials, GEMINI-1 and GEMINI-2, evaluating the safety and efficacy of Quimilza in patients with generalized pustular psoriasis ("GPP").

Pursuant to the terms of the Vanda License Agreement, we received an upfront payment of $10.0 million for the license and a $5.0 million payment for existing drug supply. We allocated the total transaction price of $15.0 million on a relative standalone selling price in accordance with ASC 606. During the six months ended June 30, 2026, we recognized no license revenue and $0.2 million of transition services revenue. During the year ended December 31, 2025, we recognized $9.5 million of license revenue and $0.2 million of transition services revenue, under ASC 606, and recognized $5.4 million related to existing drug supply transferred to Vanda, under ASC 610. We expensed the $2.5 million of related transaction costs within general and administrative expenses, during the year ended December 31, 2025, as we elected the practical expedient to expense the transaction costs as incurred as the expected amortization period was less than a year.

We are also eligible to receive a 10% royalty on net sales.

The Separation and Distribution Agreement provides that any and all rights to receive milestone payments under the Vanda License Agreement will be allocated to First Tracks Biotherapeutics as follows:

Milestone Event	Amount	Quarter Recognized
FDA regulatory approval for marketing of first licensed product in the USA for the treatment of active flares in GPP	$5.0M	—
Regulatory approval for marketing of the first licensed product in the EU	$5.0M	—
Commercial sales first exceed $100.0 million	$25.0M	—
Milestones recognized through June 30, 2026	—	—
Milestones that may be recognized in the future	$35.0M	—

Centessa

On November 24, 2023, we entered into an exclusive license agreement (as amended, the "Centessa Agreement") with Centessa Pharmaceuticals (UK) Limited ("Centessa"), pursuant to which we acquired the exclusive global development and commercialization rights to a blood dendritic cell antigen 2 (BDCA2) modulator antibody portfolio, including lead asset CBS004 (renamed ANB101) and the related family of antibodies, for the treatment of autoimmune and inflammatory diseases.

In connection with the Centessa Agreement, we paid Centessa an upfront cash payment of $4.0 million and an additional cash payment of $3.0 million as reimbursement to Centessa for manufacturing costs incurred. There were $0.3 million in transaction costs incurred. The total transaction amount of $7.3 million was expensed as in-process research and development and classified as an operating activity in the statement of cash flows. We accounted for the transaction as an asset acquisition as the set of acquired assets did not constitute a business.

Under the terms of the Centessa Agreement, Centessa may be entitled to receive potential future payments of up to $10.0 million upon the achievement of a certain event-based milestone and would be entitled to receive on a product-by-product and country-by-country basis, a royalty of low single digits on annual net sales of any product in the territory in each calendar year. As of June 30, 2026, achievement of the milestone is not probable and, therefore, we have not recognized a liability for the associated $10.0 million contingent consideration.

5. Sale of Future Royalties

Jemperli Royalty Monetization Agreement

In October 2021, we signed a royalty monetization agreement ("*Jemperli* Royalty Monetization Agreement") with Sagard Healthcare Royalty Partners, LP ("Sagard"). Under the terms of the *Jemperli* Royalty Monetization Agreement, we received $250.0 million in exchange for royalties and milestones payable to us under our GSK collaboration on annual global net sales of *Jemperli*.

In May 2024, we entered into an amendment to the *Jemperli* Royalty Monetization Agreement, Amendment No. 1 (the "*Jemperli* Amendment") under which we sold additional receivables to Sagard in exchange for $50.0 million. The *Jemperli* Amendment includes all *Jemperli* sales, including any product containing *Jemperli*, whether or not such product constitutes a combination product, and the threshold amounts of aggregate *Jemperli* royalties and milestones to be received by Sagard under the *Jemperli* Amendment are either $600.0 million if received by the end of March 31, 2031, or $675.0 million if received thereafter. Once either of these thresholds is met, the *Jemperli* Royalty Monetization Agreement and the *Jemperli* Amendment will expire, resulting in us regaining all subsequent *Jemperli* royalties and milestones. As of June 30, 2026, Sagard has received a total of $275.9 million in royalties and milestones.

The proceeds received from Sagard of $250.0 million and $50.0 million were recorded as a nonrecourse liability, net of transaction costs of $0.4 million and $0.1 million, which will be amortized over the estimated life of the arrangement using the effective interest rate method. The aggregate future estimated payments, less the $299.5 million, net of proceeds, will be recognized as non-cash interest expense over the life of the agreement. Royalty and milestone revenue will be recognized as earned on net sales of *Jemperli*, and these payments to Sagard will be recorded as a reduction of the liability when paid. As such payments are made to Sagard, the balance of the liability will be effectively repaid over the life of the *Jemperli* Royalty Monetization Agreement.

We estimate the effective interest rate used to record non-cash interest expense under the *Jemperli* Royalty Monetization Agreement based on the estimate of future royalty payments to be received by Sagard. As of June 30, 2026, the estimated effective rate under the agreement was 34.0%. Over the life of the arrangement, the actual effective interest rate will be affected by the amount and the timing of the royalty payments received by Sagard and changes in our forecasted royalties. At each reporting date, we will reassess our estimate of total future royalty payments to be received and if such payments are materially different than our prior estimates, we will prospectively adjust the imputed interest rate and the related amortization of the royalty obligation.

No sales milestones were recognized during the six months ended June 30, 2026. Two sales milestones totaling $125.0 million were recognized during the year ended December 31, 2025, when *Jemperli* annual sales exceeded both the $750 million and $1.0 billion thresholds. The $75.0 million milestone which was achieved when annual sales exceeded $1.0 billion was retained by the Company, with the remaining $50.0 million paid to Sagard. We recognized two sales milestones for a total of $40.0 million during the year ended December 31, 2024, when *Jemperli* annual sales exceeded both the $250.0 million and $500.0 million thresholds.

We recognized *Jemperli* non-cash royalty revenue of approximately $51.2 million, $96.0 million and $47.4 million during the six months ended June 30, 2026, and years ended December 31, 2025 and December 31, 2024, respectively, and non-cash interest expense of approximately $41.3 million, $81.6 million and $49.1 million during the six months ended June 30, 2026, and years ended December 31, 2025 and December 31, 2024, respectively. The interest and amortization of issuance costs is reflected as non-cash interest expense for the sale of future royalties in the Consolidated Statements of Operations.

The following table shows the activity within the liability account for the six months ended June 30, 2026:

(in thousands)		**June 30, 2026**
Liability related to sale of future *Jemperli* royalties and milestones - balance at 12/31/2025	$	252,563
Amortization of issuance costs		71
Royalty and milestone payments to Sagard		(59,218)
Non-cash interest expense recognized[1]		41,289
Liability related to sale of future royalties and milestones - ending balance	$	234,705

[1] Of the non-cash interest expense recognized, none was negative amortization for the six months ended June 30, 2026.

Zejula Royalty Monetization Agreement

In October 2020, in connection with GSK Amendment No. 3, GSK agreed, under the terms of a settlement agreement (the "GSK Settlement Agreement"), to pay us a royalty of 0.5% on all GSK net sales of Zejula starting January 1, 2021.

In September 2022, we signed a purchase and sale agreement (the "Zejula Royalty Monetization Agreement") with a wholly owned subsidiary of DRI to monetize all of our future royalties on global net sales of Zejula under the GSK Settlement Agreement. Under the terms of the Zejula Royalty Monetization Agreement, we received $35.0 million in exchange for all royalties payable by GSK to us under the GSK Settlement Agreement on global net sales of Zejula starting in July 2022.

The proceeds received from DRI of $35.0 million were recorded as a nonrecourse liability, net of transaction costs of $0.2

million, which will be amortized over the estimated life of the arrangement using the effective interest rate method. Royalty revenue will be recognized as earned on net sales of Zejula, and these royalty payments to DRI will be recorded as a reduction of the liability when paid. The aggregate future estimated payments, less the $34.8 million, of net proceeds, will be recorded as non-cash interest expense over the life of the agreement. As such payments are made to DRI, the balance of the liability will be effectively repaid over the life of the Zejula Royalty Monetization Agreement.

We recognized Zejula non-cash royalty revenue of approximately $1.6 million, $3.9 million and $3.9 million during the six months ended June 30, 2026, years ended December 31, 2025 and December 31, 2024, respectively. We recognized negative non-cash interest expense of approximately $0.2 million and $1.9 million during the six months ended June 30, 2026 and year ended December 31, 2025, respectively, and recognized non-cash interest expense of $1.0 million during the year ended December 31, 2024. The interest and amortization of issuance costs is reflected as non-cash interest expense for the sale of future royalties in the Consolidated Statements of Operations.

The following table shows the activity within the liability account for the six months ended June 30, 2026:

(in thousands)		June 30, 2026
Liability related to sale of future Zejula royalties - balance at 12/31/2025	$	23,965
Amortization of issuance costs		14
Royalty and milestone payments to DRI		(2,009)
Non-cash interest expense recognized [1]		(182)
Liability related to sale of future royalties - ending balance	$	21,788

[1] Of the non-cash interest expense recognized, none was negative amortization for the six months ended June 30, 2026.

6. Fair Value Measurements and Available for Sale Investments

Fair Value Measurements

Our financial instruments consist principally of cash, cash equivalents, short-term and long-term investments, receivables, and accounts payable. Certain of our financial assets and liabilities have been recorded at fair value in the consolidated balance sheet in accordance with the accounting standards for fair value measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Accounting guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activities, therefore requiring an entity to develop its own assumptions.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes our assets and liabilities that require fair value measurements on a recurring basis and their respective input levels based on the fair value hierarchy:

	Fair Value Measurements at End of Period Using:			
(in thousands)	**Fair Value**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
At June 30, 2026				
Money market funds[1]	$ 41,874	$ 41,874	$ —	$ —
Mutual funds[1]	36,503	36,503	—	—
U.S. Treasury securities[1][2]	74,990	74,990	—	—
Commercial and corporate obligations[2]	5,075	—	5,075	—
At December 31, 2025				
Money market funds[1]	$ 140,380	$ 140,380	$ —	$ —
Mutual funds[1]	91,359	91,359	—	—
U.S. Treasury securities[2]	63,268	63,268	—	—
Commercial and corporate obligations[2]	10,174	—	10,174	—
At December 31, 2024				
Money market funds[1]	$ 104,553	$ 104,553	$ —	$ —
Mutual funds[1]	9,376	9,376	—	—
U.S. Treasury securities[1][2]	284,495	284,495	—	—
Agency securities[2]	7,579	—	7,579	—
Commercial and corporate obligations[2]	10,652	—	10,652	—

(1) Included in cash and cash equivalents in the accompanying consolidated balance sheets.

(2) Included in short-term or long-term investments in the accompanying consolidated balance sheets depending on the respective maturity date.

The following methods and assumptions were used to estimate the fair value of our financial instruments for which it is practicable to estimate that value:

Marketable Securities. For fair values determined by Level 1 inputs, which utilize quoted prices in active markets for identical assets, the level of judgment required to estimate fair value is relatively low. For fair values determined by Level 2 inputs, which utilize quoted prices in less active markets for similar assets, the level of judgment required to estimate fair value is also considered relatively low.

Fair Value of Other Financial Instruments

The carrying amounts of certain of our financial instruments, including cash and cash equivalents, receivables, accounts payable, and accrued expenses approximate fair value due to their short-term nature.

Available for Sale Investments

We invest our excess cash in agency securities, debt instruments of financial institutions and corporations, commercial obligations, and U.S. Treasury securities, which we classify as available-for-sale investments. These investments are carried at fair value and are included in the tables above. The aggregate market value, cost basis, and gross unrealized gains and losses of available-for-sale investments by security type, classified in short-term and long-term investments as of June 30, 2026 are as follows:

(in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Total Fair Value**
Commercial and corporate obligations[1]	$ 5,072	$ 3	$ -	$ 5,075
US Treasury securities[2]	74,974	17	(1)	74,990
Total available-for-sale investments	$ 80,046	$ 20	$ (1)	$ 80,065

(1) Of our outstanding commercial and corporate obligations, $5.1 million have maturity dates of less than one year and $0.0 million have a maturity date of between one to two years as of June 30, 2026.

(2) Of our outstanding U.S. Treasury securities, $75.0 million have maturity dates of less than one year and $0.0 million have a maturity date of between one to two years as of June 30, 2026.

The aggregate market value, cost basis, and gross unrealized gains and losses of available-for-sale investments by security type, classified in cash equivalents, short-term and long-term investments as of December 31, 2025 are as follows:

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Fair Value
Commercial and corporate obligations[1]	$ 10,152	$ 22	$ -	$ 10,174
U.S. Treasury securities[2]	63,107	161	—	63,268
Total available-for-sale investments	$ 73,259	$ 183	$ —	$ 73,442

(1) Of our outstanding commercial and corporate obligations, $10.2 million have maturity dates of less than one year and $0.0 million have a maturity date of between one to two years as of December 31, 2025.

(2) Of our outstanding U.S. Treasury securities, $63.3 million have maturity dates of less than one year and $0.0 million have a maturity date of between one to two years as of December 31, 2025.

The following table presents gross unrealized losses and fair values for those investments that were in an unrealized loss position as of June 30, 2026, aggregated by investment category and the length of time that individual securities have been in a continuous loss position:

	June 30, 2026					
	Less than 12 Months		12 Months or Greater		Total	
(in thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
US Treasury securities	$ 24,842	$ (1)	$ —	$ —	$ 24,842	$ (1)
Total	$ 24,842	$ (1)	$ —	$ —	$ 24,842	$ (1)

There were no investments in an unrealized loss position as of December 31, 2025.

The following table presents gross unrealized losses and fair values for those investments that were in an unrealized loss position as of December 31, 2024, aggregated by investment category and the length of time that individual securities have been in a continuous loss position:

	December 31, 2024					
	Less than 12 Months		12 Months or Greater		Total	
(in thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Agency securities	$ 7,579	$ (8)	$ —	$ —	$ 7,579	$ (8)
US Treasury Securities	25,250	(7)	—	—	25,250	(7)
Total	$ 32,829	$ (15)	$ —	$ —	$ 32,829	$ (15)

As of June 30, 2026, December 31, 2025, and December 31, 2024, unrealized losses on available-for-sale investments were not material, and accordingly, no allowance for credit losses were recorded.

7. Stockholders' Equity

Common Stock

Of the 500,000,000 shares of common stock authorized, 29,727,820 shares were issued and outstanding as of June 30, 2026.

Stock Repurchase Program

In March 2025, our Board of Directors authorized a stock repurchase program (the “2025 Repurchase Program”) to repurchase up to $75.0 million of our outstanding common stock. In November 2025, our Board of Directors authorized an amendment to the 2025 Repurchase Program, under which an additional $100.0 million of our outstanding common stock may be repurchased. During the six months ended June 30, 2026, there were no repurchases made and the 2025 Repurchase Program expired on March 31, 2026.

In March 2026, our Board of Directors authorized a stock repurchase program (the “2026 Repurchase Program”) to repurchase up to $100.0 million of our outstanding common stock. As of June 30, 2026, $100.0 million remained available for future shares of common stock to be repurchased under the 2026 Repurchase Program. The 2026 Repurchase Program will expire on December 31, 2026.

Open Market Sales Agreement

In November 2024, we entered into an open market sales agreement (the “Open Market Sales Agreement”) with TD Securities (USA) LLC (“TD Cowen”), under which we may offer and sell shares of our common stock, up to an aggregate offering of $100.0 million through TD Cowen as our sales agent. Our prior sales agreement with TD Cowen terminated upon effectiveness of the registration statement on the Form S-3 we filed in connection with the Open Market Sales Agreement. The Open Market Sales Agreement was terminated in March 2026 with no shares sold.

8. Equity Incentive Plans

2017 Equity Incentive Plan

In January 2017, our Board of Directors and stockholders approved and adopted the 2017 Equity Incentive Plan (the “2017 Plan”). Under the 2017 Plan, we may grant stock options, stock appreciation rights, restricted stock, restricted stock units and other awards to individuals who are then our employees, officers, directors or consultants. In addition, the number of shares of stock available for issuance under the 2017 Plan were to be automatically increased each January 1, beginning on January 1, 2018, by 4% of the aggregate number of outstanding shares of our common stock as of the immediately preceding December 31 or such lesser number as determined by our Board of Directors. At our annual stockholder meeting on June 12, 2024, the 2017 Plan was amended, eliminating the automatic annual share increase and the number of shares available for issuance was increased by 2,700,000 shares. At our annual stockholder meeting on June 17, 2025, the 2017 Plan was amended and restated to further increase the number of shares available for issuance by 1,650,000 shares. At our annual stockholder meeting on August 11, 2026, the 2017 Plan was amended and restated to extend the expiration of the 2017 Plan from January 2027 to August 2036. All future share increases will require stockholder approval. As of June 30, 2026, 2,187,675 shares were available for future issuance.

Employee Stock Purchase Plan

In January 2017, our Board of Directors and stockholders approved and adopted the 2017 Employee Stock Purchase Plan (“ESPP”). In addition, the number shares of stock available for issuance under the ESPP will be automatically increased each January 1, beginning on January 1, 2018, by 1% of the aggregate number of outstanding shares of our common stock as of the immediately preceding December 31 or such lesser number as determined by our Board of Directors. The Board of Directors determined that due to sufficient shares being available in the ESPP, the number of shares available as of January 1, 2025 and January 1, 2026 would not increase. As of June 30, 2026, 294,081 shares have been issued under the ESPP and 1,804,726 shares were available for future issuance under the ESPP. Total cash received from the ESPP was approximately $0.8 million during the six months ended June 30, 2026.

Stock Options

Stock options granted to employees and non-employees generally vest over a four-year period while stock options granted to directors generally vest over a one-year period. Each stock option award has a maximum term of 10 years from the date of grant, subject to earlier cancellation prior to vesting upon cessation of service to us. A summary of the activity related to stock option awards during the twelve months ended December 31, 2025 and six months ended June 30, 2026 is as follows:

	Shares Subject to Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2025	6,086,289	$ 25.20	7.63	$ 534
Granted	1,758,243	$ 14.87		
Exercises	(645,562)	$ 19.95		
Forfeitures and cancellations	(301,202)	$ 18.47		
Outstanding at December 31, 2025	6,897,768	$ 17.11	6.93	$ 180,434
Granted	668,400	$ 32.17		
Exercises	(1,202,950)	$ 21.52		
Forfeitures and cancellations	(290,849)	$ 21.83		
Outstanding at June 30, 2026	6,072,369	$ 18.62	7.04	$ 297,386
Exercisable at June 30, 2026	3,579,958	$ 18.90	6.13	$ 174,546

Total cash received from the exercise of stock options was approximately $24.6 million during the six months ended June 30, 2026.

Time-Based Restricted Stock Units

Each Restricted Stock Unit ("RSU") represents one equivalent share of our common stock to be issued after satisfying the applicable continued service-based vesting criteria over a specified period. The fair value of these RSUs is based on the closing price of our common stock on the date of the grant. We measure compensation expense over the expected vesting period on a straight-line basis. The RSUs do not entitle the participants to the rights of holders of common stock, such as voting rights, until the shares are issued.

	Number of Restricted Stock Units	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2025	1,227,677	$ 21.79	1.46	$ 16,254
Granted	614,828	$ 14.87		
Released	(355,627)	$ 21.87		
Forfeitures and cancellations	(113,673)	$ 18.45		
Outstanding at December 31, 2025	1,373,205	$ 13.88	1.17	$ 66,573
Granted	697,487	$ 27.65		
Released	(444,837)	$ 17.43		
Forfeitures and cancellations	(120,546)	$ 23.33		
Outstanding at June 30, 2026	1,505,309	$ 7.13	1.47	$ 101,608
RSU expected to vest at June 30, 2026	1,505,309	$ 7.13	1.47	$ 101,608

Performance Stock Units

A Performance Stock Unit ("PSU") represents one equivalent share of our common stock to be issued after achievement of the performance metrics specified in the grant. The following table presents a summary of activity with respect to our PSUs:

	Market-Based PSUs		Performance-Based PSUs		Total PSUs	
	Number of PSUs	Weighted-Average Grant Date Fair Value	Number of PSUs	Weighted-Average Grant Date Fair Value	Number of PSUs	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2025	504,500	$ 24.69	—	$ —	504,500	$ 24.69
Granted	—	$ —	—	$ —	—	$ —
Released	—	$ —	—	$ —	—	$ —
Forfeitures	(26,500)	$ 24.69	—	$ —	(26,500)	$ 24.69
Outstanding at December 31, 2025	478,000	$ 24.69	—	$ —	478,000	$ 24.69
Granted	—	$ —	34,300	$ 43.91	34,300	$ 43.91
Released	—	$ —	(34,300)	$ 43.91	(34,300)	$ 43.91
Converted to RSUs	(152,842)	$ 24.69	—	$ —	(152,842)	$ 24.69
Forfeitures	(325,158)	$ 24.69	—	$ —	(325,158)	$ 24.69
Outstanding at June 30, 2026	—	$ —	—	$ —	—	$ —

Market-Based Awards

The fair value of our PSUs is estimated as of the grant date of July 22, 2024, based upon the expected achievement of the performance metrics specified in the grant and the closing market price of our common stock on the date of grant. The grant date fair value is estimated using a Monte Carlo simulation using the following assumptions:

	Six months ended June 30, 2026
Volatility of common stock	59.0%
Risk-free interest rate	4.1%
Contract term (in years)	3.9

The compensation expense for the awards is recognized over the requisite service period regardless of whether the market conditions are achieved and will only be adjusted for pre-vesting forfeitures due to the termination of the recipient's employment with the company prior to the expiration of the requisite service period. The outstanding PSUs at the Distribution Date were converted to First Tracks Biotherapeutics PSUs, and the AnaptysBio PSUs were cancelled.

Performance-Based PSUs

The performance-based stock units granted in 2026 vested in March 2026 based upon (i) continued service through the vesting date and (ii) the achievement of specific performance targets, as approved by the Board of Directors. There was no unrecognized compensation expense as of June 30, 2026.

Stock-Based Compensation Expense

We recognize stock-based compensation expense for awards issued to employees and non-employees over the requisite service period based on the estimated grant-date fair value of such awards. The estimated fair values of stock option awards granted were determined on the date of grant using the Black-Scholes option valuation model with the following weighted-average assumptions:

	Six Months Ended June 30, 2026	Year Ended December 31, 2025	Year Ended December 31, 2024
Risk-free interest rate	3.9%	4.5%	4.0%
Expected volatility	84.0%	81.8%	78.4%
Expected dividend yield	—%	—%	—%
Expected term (in years)	6.35	6.35	6.28
Weighted average grant date fair value per share	$ 32.67	$ 10.98	$ 15.54

We determine the appropriate risk-free interest rate, expected term for employee stock-based awards, contractual term for non-employee stock-based awards, and volatility assumptions. The weighted-average expected option term for employee and non-employee stock-based awards reflects the historical option term. Expected volatility incorporates the historical volatility of our stock price. The risk-free interest rate is based upon U.S. Treasury securities with remaining terms similar to the expected or contractual term of the stock-based payment awards. The assumed dividend yield is based on our expectation of not paying dividends in the foreseeable future.

Total non-cash stock-based compensation expense for all stock awards that was recognized in the consolidated statements of operations and comprehensive loss is as follows:

(in thousands)	Six Months Ended June 30, 2026	Year Ended December 31, 2025	Year Ended December 31, 2024
Research and development	$ 5,283	$ (462)	$ 1,038
General and administrative	3,037	4,234	6,183
Total	$ 8,320	$ 3,772	$ 7,221

At June 30, 2026, there was $8.3 million of unrecognized compensation cost related to unvested stock option awards, which is expected to be recognized over a remaining weighted average vesting period of 2.32 years and $9.2 million of unrecognized cost related to unvested RSU awards, which is expected to be recognized over a period of 2.33 years.

On March 26, 2026, our then Chief Financial Officer and Chief Legal Officer entered into transition and separation agreements, conditioned upon and effective on the Spin-Off (as defined below). In connection with their transition and separation agreements, we modified certain equity awards and recognized approximately $6.2 million in non-cash stock-based compensation expense during the six months ended June 30, 2026.

9. Employee Benefit Plan

Prior to the Spin-Off, we offered a defined contribution 401(k) plan available to eligible employees. Employee contributions were voluntary and determined on an individual basis, limited to the maximum amount allowable under U.S. federal tax regulations. We elected to match 100% of an employee's contribution up to 10% of the employee's salary with a maximum limit of $24,500 in 2026, 100% of an employee's contributions up to 10% of the employees' eligible salary with a maximum limit of $23,500 in 2025 and 100% of an employee's contribution up to 10% of the employees' salary with a maximum limit of $23,000 in 2024. For the six months ended June 30, 2026, and years ended December 31, 2025 and December 31, 2024, we incurred approximately $1.1 million, $2.4 million, and $2.2 million, respectively of costs related to the 401(k) plan.

10. Commitments and Contingencies

Operating Leases

On May 4, 2020, we entered into a lease agreement with Wateridge Property Owner, LP, with respect to facilities in the building at 10770 Wateridge Circle, San Diego, California 92121 (the "Lease Agreement"). Under the Lease Agreement, we agreed to lease approximately 45,000 square feet of space for a term of 124 months, beginning on April 5, 2021. The terms of the Lease Agreement provide us with an option to extend the term of the lease for an additional five years, as well as a one-time option to terminate the lease after seven years, on April 30, 2028 with the payment of a termination fee of $3.8 million plus 15-months of operating expenses and real property taxes. The exercise of the lease option is at our sole discretion, which we currently do not anticipate exercising and as such was not recognized as part of the right-of-use asset (the "ROU asset") and lease liability. The monthly base rent was initially $4.20 per rentable square foot and is increased by 3% annually. Under the Lease Agreement, we are also responsible for our pro rata share of real estate taxes, building insurance, maintenance, direct expenses, and utilities. Upon lease commencement, on April 5, 2021, we recognized an ROU asset of $20.6 million, with a corresponding lease liability of $20.7 million on the consolidated balance sheets. The ROU asset includes adjustments for prepayments, initial direct costs, and lease incentives. As of June 30, 2026, we have recorded $0.3 million as a security deposit in accordance with the terms of the Lease Agreement.

Our lease payments are fixed, and we recognize lease expense for leases on a straight-line basis over the lease term. Operating lease ROU assets and lease liabilities are recorded based on the present value of the future minimum lease payments over the lease term at commencement date. As our lease does not provide an implicit rate, we used our incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments. The weighted-average discount rate used was 4.0% and the weighted-average remaining lease term is approximately 5.2 years.

The following non-cancellable office lease costs are included in our consolidated statements of cash flow (in thousands):

Leases	Classification on the Cash Flow	Six Months Ended June 30, 2026	Year Ended December 31, 2025	Year Ended December 31, 2024
Operating lease cost	Operating	$ 1,239	$ 2,478	$ 2,478
Cash paid for amounts included in the measurement of lease liabilities	Operating	1,291	2,531	2,457

At June 30, 2026, the future minimum annual obligations for the Company’s operating lease liabilities are as follows:

Years Ending June 30, (in thousands)		
2026	$	1,316
2027		2,685
2028		2,766
2029		2,849
2030		2,934
Thereafter		2,005
Total minimum payments required	$	14,555
Less: imputed interest		(1,460)
Total	$	13,095

Sublease

On June 15, 2026, we entered into a sublease agreement with First Tracks Biotherapeutics with respect to facilities in the building at 10770 Wateridge Circle, San Diego, California 92121 (the “Sublease Agreement”). Under the Sublease Agreement, we agreed to sublease approximately 45,000 square feet of space for a term of approximately 24 months, beginning on April 20, 2026, continuing until the earlier of (a) April 4, 2028, or (b) twelve months from the commencement of the renewal term. The monthly base rent was initially $4.87 per rentable square foot and is increased by 3% annually. First Tracks Biotherapeutics is also responsible for their share of operating expenses, real property taxes, insurance, insurance deductibles and repairs. As of June 30, 2026, we recorded sublease income of $0.5 million in accordance with the terms of the Lease Agreement. The sublease income over the term of the sublease will be the same as the amount due under our existing Lease Agreement, therefore no impairment of the right of use asset was recorded during June 2026. As of June 30, 2026, the weighted-average remaining lease term is approximately 1.8 years.

At June 30, 2026, the future minimum annual lease receivables for the Company’s operating lease income is as follows:

Years Ending June 30, (in thousands)		
2026	$	1,833
2027		2,685
2028		708
Total lease income receivable	$	5,226

Guarantees and Indemnifications

We enter into standard indemnification arrangements in the ordinary course of business. Pursuant to certain of these arrangements, we indemnify, hold harmless, and agree to reimburse the indemnified parties for losses suffered or incurred by the indemnified party for third party claims in connection with our breach of the agreement, our negligence or willful misconduct in connection with the agreement, or any trade secret, copyright, patent or other intellectual property infringement claim with respect to our technology. The term of these indemnification arrangements is generally perpetual. The maximum potential amount of future payments we could be required to make under these agreements is not determinable because it involves claims that may be made against us in the future, but have not yet been made.

We indemnify our officers and directors for certain events or occurrences, subject to certain limits, while the officer or director is or was serving in such capacity, as permitted under Delaware law, in accordance with our certificate of incorporation and bylaws, and pursuant to agreements providing for indemnification entered into with our officers and directors. The term of the indemnification period lasts as long as an officer or director may be subject to any proceeding arising out of acts or omissions of such officer or director in such capacity.

The maximum amount of potential future indemnification of directors and officers is unlimited; however, we currently hold director and officer liability insurance. This insurance allows the transfer of risk associated with our exposure and may enable us to recover a portion of any future amounts paid.

We believe that the fair value of these indemnification obligations is minimal. Accordingly, we have not recognized any liabilities relating to these obligations for any period presented.

11. Segment Reporting

During fiscal year 2025, in connection with the proposed separation of our operations into two independent, publicly traded companies, our Chief Executive Officer, who is our chief operating decision maker ("CODM"), revised the information he regularly reviews in evaluating the allocation of resources and assessing operating performance. As a result of these changes, we updated our segment reporting to reflect two operating segments: Biopharma and Royalty Management. Our Biopharma segment focused on the development and potential commercialization of innovative immunology therapeutics for autoimmune and inflammatory diseases and our Royalty Management segment manages the financial collaboration for *Jemperli* with GSK and for Quimilza with Vanda. On April 20, 2026, the separation was completed through the spin-off of the Biopharma segment into First Tracks Biotherapeutics, with the Royalty Management segment remaining as our only operating segment.

Segment profit or loss is measured as the net loss and is used to monitor results. Our Royalty Management segment revenue consists of non-cash royalties and milestones, and is derived from collaboration agreements. For more information, see Note 4. We do not report identifiable assets by segment as this is not a metric used by our CODM to allocate resources or evaluate performance.

The following tables present our segment information for the six months ended June 30, 2026, and years ended December 31, 2025 and December 31, 2024 and are a summary of segment revenue, loss and our significant expenses (in thousands):

	Six Months Ended June 30, 2026
	Royalty Management
Collaboration revenue	$ 53,044
Operating expenses:	
External R&D	
Rosnilimab	(2,897)
Quimilza	21
Preclinical and other unallocated costs	193
Total External R&D[1]	(2,683)
Total Internal R&D[2]	15
Total R&D	(2,668)
External G&A[3]	15,161
Internal G&A[2]	8,229
Total G&A	23,390
Total operating expenses	20,722
Income from operations	32,322
Interest income	3,252
Sublease income	526
Non-cash interest expense	(41,192)
Other expense, net	(1)
Total other expense, net	(37,415)
Loss before income taxes	(5,093)
Benefit for income taxes	181,451
Segment net income	$ 176,358

(1) External R&D consists of costs associated with our research and development activities, including drug discovery efforts, preclinical and clinical development of our programs, manufacturing, and allocated facility-related costs.

(2) Internal R&D and G&A consist of salaries and wages, stock-based compensation, recruiting and other employee benefits.

(3) External G&A consists of general and administrative expenses including transaction costs, legal services, insurance, professional fees for auditing, tax, and market research, and allocated facility-related costs not otherwise included in research and development expenses.

	Year Ended December 31, 2025		
	Biopharma	Royalty Management	Total
Collaboration revenue	$ —	$ 234,603	$ 234,603
Operating expenses:			
External R&D			
Rosnilimab	42,744	—	42,744
ANB033	20,427	—	20,427
ANB032	48	—	48
ANB101	8,138	—	8,138
Quimilza	—	(2,273)	(2,273)
Preclinical and other unallocated costs	16,093	—	16,093
Total External R&D[1]	87,450	(2,273)	85,177
Total Internal R&D[2]	52,164	(1,371)	50,793
Total R&D	139,614	(3,644)	135,970
External G&A[3]	13,932	4,012	17,944
Internal G&A[2]	25,460	7,333	32,793
Total G&A	39,392	11,345	50,737
Total operating expenses	179,006	7,701	186,707
(Loss) income from operations	(179,006)	226,902	47,896
Interest income	12,942	557	13,499
Non-cash interest expense	—	(79,893)	(79,893)
Other (loss) income, net	(23)	5,453	5,430
Total other income (expense), net	12,919	(73,883)	(60,964)
(Loss) income before income taxes	(166,087)	153,019	(13,068)
Provision for income taxes	—	(164)	(164)
Segment net (loss) income	$ (166,087)	$ 152,855	$ (13,232)

(1) External R&D consists of costs associated with our research and development activities, including drug discovery efforts, preclinical and clinical development of our programs, manufacturing, and allocated facility-related costs.

(2) Internal R&D and G&A consist of salaries and wages, stock-based compensation, recruiting and other employee benefits.

(3) External G&A consists of general and administrative expenses including transaction costs, legal services, insurance, professional fees for auditing, tax, and market research, and allocated facility-related costs not otherwise included in research and development expenses.

	Year Ended December 31, 2024		
	Biopharma	Royalty Management	Total
Collaboration revenue	$ —	$ 91,280	$ 91,280
Operating expenses:			
External R&D			
Rosnilimab	53,422	—	53,422
ANB032	26,084	—	26,084
ANB033	12,460	—	12,460
ANB101	3,367	—	3,367
Quimilza	—	8,284	8,284
Preclinical and other unallocated costs	14,350	—	14,350
Total External R&D[1]	109,683	8,284	117,967
Total Internal R&D[2]	42,662	3,211	45,873
Total R&D	152,345	11,495	163,840
External G&A[3]	6,806	3,227	10,033
Internal G&A[2]	21,950	10,406	32,356
Total G&A	28,756	13,633	42,389
Total operating expenses	181,101	25,128	206,229
(Loss) income from operations	(181,101)	66,152	(114,949)
Interest income	17,382	2,412	19,794
Non-cash interest expense	—	(50,087)	(50,087)
Other expense, net	14	—	14
Total other income (expense), net	17,396	(47,675)	(30,279)
Loss (income) before income taxes	(163,705)	18,477	(145,228)
Provision for income taxes	—	(3)	(3)
Segment net loss (income)	$ (163,705)	$ 18,474	$ (145,231)

(1) External R&D consists of costs associated with our research and development activities, including drug discovery efforts, preclinical and clinical development of our programs, manufacturing, and allocated facility-related costs.

(2) Internal R&D and G&A consist of salaries and wages, stock-based compensation, recruiting and other employee benefits.

(3) External G&A consists of general and administrative expenses including transaction costs, legal services, insurance, professional fees for auditing, tax, and market research, and allocated facility-related costs not otherwise included in research and development expenses.

12. Discontinued Operations

On April 20, 2026, we completed the previously announced Spin-Off of First Tracks Biotherapeutics. The Spin-Off of First Tracks Biotherapeutics was achieved through our pro rata distribution of all of the outstanding shares of common stock of First Tracks Biotherapeutics to holders of record of our common stock. Each holder of record of our common stock received one share of First Tracks Biotherapeutics' common stock for every one share of our common stock held on April 6, 2026, the record date for the distribution. The historical balance sheet and statements of operations of First Tracks Biotherapeutics have been presented as discontinued operations in the consolidated financial statements and prior periods have been restated.

In addition to the Separation and Distribution Agreement, the Company entered into various other agreements to provide a framework for its relationship with First Tracks Biotherapeutics after the Spin-Off, including a transition services agreement.

Under the terms of the transition services agreement, First Tracks Biotherapeutics agreed to provide the Company on an interim, transitional basis, various services, including, but not limited to, accounts payable administration, information technology services, general administrative services and other support services commencing on the Spin-Off date and terminating up to one year following the date of the Spin-Off. During the six months ended June 30, 2026, there were approximately $0.4 million of transition services expenses associated with the provision of services from First Tracks Biotherapeutics.

The following table represents the carrying value of assets distributed as part of the Spin-Off on April 20, 2026:

(in thousands)	April 20, 2026
Assets:	
Cash and cash equivalents	$ 100,000
Prepaid expenses and other current assets	2,948
Total current assets	102,948
Property and equipment, net	1,174
Total assets	$ 104,122

The following table presents a reconciliation of the carrying amount of assets of First Tracks Biotherapeutics to total assets of the discontinued operations in the consolidated balance sheets as of December 31, 2025 and December 31, 2024:

(in thousands)	December 31, 2025	December 31, 2024
Assets:		
Cash and cash equivalents	$ 100,000	$ 100,000
Prepaid expenses and other current assets	4,762	4,560
Total current assets	104,762	104,560
Property and equipment, net	1,259	1,718
Total assets	$ 106,021	$ 106,278

The following table presents a reconciliation of the major classes of line items constituting pretax loss from discontinued operations to after-tax loss in discontinued operations for the six months ended June 30, 2026 and the years ended December 31, 2025 and December 31, 2024:

(in thousands)	Six Months Ended June 30, 2026	Year Ended December 31, 2025	Year Ended December 31, 2024
Research and development	$ 39,462	$ 139,614	$ 152,345
General and administrative	22,519	39,392	28,756
Total operating expenses	61,981	179,006	181,101
Loss from operations	(61,981)	(179,006)	(181,101)
Other (expense) income, net:			
Interest income	1,074	3,686	4,720
Other (expense) income, net	(3)	(23)	14
Total other expense, net	1,071	3,663	4,734
Loss from discontinued operations before income taxes	(60,910)	(175,343)	(176,367)
Benefit for income taxes	15,548	608	155
Loss from discontinued operations, net of tax	$ (45,362)	$ (174,735)	$ (176,212)

13. Income Taxes

The components of income (loss) from continuing operations before income tax provision (benefit) consist of the following:

(in thousands)	Six Months Ended June 30, 2026	Year Ended December 31, 2025	Year Ended December 31, 2024
U.S.	$ (5,093)	$ 162,275	$ 31,000
Foreign	—	—	139
(Loss) income before income taxes	$ (5,093)	$ 162,275	$ 31,139

The provision for income taxes for the six months ended June 30, 2026 and years ended December 31, 2025 and December 31, 2024:

(in thousands)	Six Months Ended June 30, 2026	Year Ended December 31, 2025	Year Ended December 31, 2024
Current income taxes:			
Federal	$ —	$ 454	$ 14
State	1,788	318	144
Foreign	—	—	—
Total current	1,788	772	158
Deferred income taxes:			
Federal	(154,929)	—	—
State	(28,310)	—	—
Foreign	—	—	—
Total deferred	(183,239)	—	—
(Benefit) provision for income taxes	$ (181,451)	$ 772	$ 158

Income taxes paid, net of refunds received, for the six months ended June 30, 2026 were $4.3 million paid to the Internal Revenue Service, $170,000 paid to Massachusetts, $845,000 paid to Pennsylvania and $267,000 paid to other U.S. states.

Significant components of our deferred tax assets and liabilities are as follows:

(in thousands)	June 30, 2026	December 31, 2025	December 31, 2024
Deferred Tax Assets:			
Net operating loss carryforwards	$ 44,153	$ 74,889	$ 64,729
Capitalized R&D	34,768	47,187	30,532
Interest	22,882	33,781	—
Research and development credits	31,202	32,698	19,046
Equity compensation	15,669	14,812	13,000
Other, net	11,271	11,863	21,229
Total deferred tax assets	159,945	215,230	148,536
Deferred Tax Liabilities:			
Royalty monetization	(26,246)	(19,670)	—
Other, net	(2,777)	(2,922)	(6,347)
Total deferred tax liabilities	(29,023)	(22,592)	(6,347)
Net deferred tax assets	130,922	192,638	142,189
Less: valuation allowance	(24,283)	(192,638)	(142,189)
Deferred tax assets, net of valuation allowance	$ 106,639	$ —	$ —

On April 20, 2026, we completed the Spin-Off of our clinical-stage biotechnology company, First Tracks Biotherapeutics, through a pro rata distribution to shareholders (the “Distribution”). Following the Distribution, we hold and continue to manage the financial collaboration for *Jemperli* with GSK and for Quimilza with Vanda, and First Tracks Biotherapeutics operates as an independent, separately taxed public company. For tax purposes, the Distribution was taxable resulting in a tax gain of approximately $434.9 million. As a result, we recorded a $96.2 million tax charge to equity.

We assess the realizability of our deferred tax assets each reporting period based on all available positive and negative evidence, including our cumulative earnings history, the character and timing of reversing temporary differences, tax-planning strategies, and projections of future taxable income. Prior to the Distribution, we maintained a full valuation allowance against our net deferred tax assets. As a result of future profits expected for the retained business, Management concluded that a substantial portion of our deferred tax assets are realizable with the exception of certain deductible differences and IRC Section 382 limited tax attributes expected to reverse following the lapse of royalty and license revenue streams. Accordingly, during the six months ended June 30, 2026, we reduced our valuation allowance of $192.6 million as of December 31, 2025 to $24.3 million as of June 30, 2026.

As of June 30, 2026, we had federal and state net operating loss carryforwards (“NOLs”), of $174.2 million and $68.5 million, respectively. Federal NOLs generated in 2018 and after carryover indefinitely and may generally be used to offset up to 80% of future taxable income. The state NOLs will begin to expire in 2030, unless previously utilized. As of June 30, 2026, we had federal and state research tax credit carryforwards of approximately $22.7 million and $22.7 million, respectively. The federal research tax credits carryforwards will begin to expire in 2042, California state credits carryforward indefinitely and other state tax credits begin to expire in 2043.

The above NOL carryforward and the federal and state research tax credit carryforwards may be subject to an annual limitation under section 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), and similar state provisions if we experience one or more ownership changes which would limit the amount of NOL and tax credit carryforwards that can be utilized to offset future taxable income and tax, respectively. In general, an ownership change as defined by Section 382 and 383, results from transactions increasing ownership of certain stockholders or public groups in the stock of the corporation by more than 50 percentage points over a three-year period.

We experienced ownership changes as defined by Section 382 of the Code during 2007, 2017 and 2021. As a result, as of June 30, 2026, the federal NOL carryforward of $174.2 million is subject to annual limitation over future periods. State NOL and credit carryforwards may be similarly limited.

Our use of federal and state NOLs and research credits could be further limited if we experience one or more ownership changes subsequent to June 30, 2026. If a change in ownership occurs, NOLs and tax credit carryforwards could be eliminated or restricted.

Upon adoption of ASU 2023-09, Improvements to Income Tax Disclosures, the reconciliation of taxes (continuing operations) at the federal statutory rate to our provision for (benefit from) income taxes for the six months ended June 30, 2026 and for year ended December 31, 2025 was as follows (in thousands, except for percentages):

(in thousands)	Six Months Ended June 30, 2026		Year Ended December 31, 2025	
Income taxes at statutory rates	$ (1,070)	21.00%	$ 34,078	21.00%
State income tax, net of federal benefit[1]	(28,556)	560.63%	319	0.20%
Foreign tax effects				
Australia				
Valuation allowance	—	—	(939)	(0.58)%
Deferred tax write-off	—	—	939	0.58%
Effect of changes in tax laws or rates enacted in the current period	—	—	—	—
Effect of cross-border tax laws	—	—	—	—
Tax Credits				
Federal R&D credit	—	—	—	—
Change in valuation allowance	(148,602)	2917.48%	(36,022)	(22.20)%
Nontaxable or nondeductible items				
Other	16	-0.31%	53	0.28%
Equity compensation[2]	(4,298)	150.26%	403	—
Executive compensation	(2,114)	-24.36%	2,202	1.36%
Transaction Costs	1,724	-33.84%	—	—
Other	—	—	18	0.01%
Change in unrecognized tax benefits	1,449	-28.44%	(279)	(0.17)%
Income tax (benefit) expense	$ (181,451)	3562.42%	$ 772	0.48%

(1) State taxes in California, Pennsylvania, Utah and Massachusetts made up the majority (greater than 50%) of the tax effect in this category.

(2) Equity compensation for non-covered employees is net of windfall tax benefits for 2026 and 2025, respectively.

The reconciliation of taxes at the federal statutory rate to our provision for (benefit from) income taxes for the year ended December 31, 2024 in accordance with the guidance prior to the adoption of ASU 2023-09 was as follows:

(in thousands)	Year Ended December 31, 2024
Expected income tax benefit at federal statutory tax rate	$ 6,539
State income taxes, net of federal benefit	(574)
Permanent items	82
Equity compensation	804
Non-deductible compensation	2,188
Research credits	(68)
Other	36
Change in the valuation allowance	(8,849)
Income tax expense	$ 158

We recognize a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more likely than not recognition at the effective date to be recognized. As of June 30, 2026, we had $11.3 million unrecognized tax benefits that, if recognized and realized, would affect the effective tax rate. The following table summarizes the activity related to our unrecognized tax benefits:

(in thousands)	Six Months Ended June 30, 2026	Year Ended December 31, 2025	Year Ended December 31, 2024
Balance at the beginning of the year	$ 8,719	$ 6,911	$ 5,016
Increases (decreases) related to prior year tax positions	1,658	(2)	(4)
Increase related to current year tax positions	3,097	1,810	1,899
Balance at the end of the year	$ 13,474	$ 8,719	$ 6,911

Our policy is to recognize interest and penalties related to income tax matters in the provision for income taxes. We recognize interest or penalties related to income tax matters in income tax expense. During the six month ended June 30, 2026, we accrued interest and penalties in continuing operations related to income tax matters of $0.1 million and $0.5 million, respectively. We did not accrue any interest or penalties during the years ended December 31, 2025 and 2024. As of June 30, 2026, we recorded accrued interest and penalties of $0.1 million and $0.5 million, respectively on our consolidated balance sheet. As of December 31, 2025 and 2024, we did not have any accrued interest or penalties recorded on our consolidated balance sheets.

We file income tax returns in the United States, California and various U.S. state jurisdictions. Due to our losses incurred, we are essentially subject to income tax examination by tax authorities from inception to date.

The One Big Beautiful Bill Act of 2025 (“OBBBA”) was signed into law on July 4, 2025. The OBBBA makes changes to the U.S. corporate income tax, including immediate expensing of domestic research and development costs while foreign expenditures will continue to be capitalized and amortized over 15 years and modifications to the timing of the deduction for interest expense.

14. Transition Period Comparative Data

The following table presents certain comparative financial information for the six months ended June 30, 2026 and 2025 (amounts in thousands, except share data):

	Six months ended June 30, 2026	Six months ended June 30, 2025 (Unaudited)
Collaboration revenue	$ 53,044	$ 50,034
Operating expenses:		
Research and development	(2,668)	(1,733)
General and administrative	23,390	8,298
Total operating expenses	20,722	6,565
Income from operations	32,322	43,469
Other (expense) income, net:		
Interest income	3,252	5,402
Sublease income	526	—
Non-cash interest expense for the sale of future royalties	(41,192)	(37,667)
Other (expense) income, net	(1)	5,453
Total other expense, net	(37,415)	(26,812)
(Loss) income before income taxes	(5,093)	16,657
Benefit (provision) for income taxes	181,451	(83)
Income from continuing operations	176,358	16,574
Loss from discontinued operations, net of tax	(45,362)	(94,533)
Net income (loss)	130,996	(77,959)
Other comprehensive loss:		
Unrealized loss on available for sale securities	(127)	(311)
Comprehensive gain (loss)	$ 130,869	$ (78,270)
Net income (loss) per common share:		
Income from continuing operations - basic	$ 6.09	$ 0.56
Loss from discontinued operations - basic	(1.57)	(3.18)
Net income (loss) per common share - basic	$ 4.52	$ (2.62)
Income from continuing operations - diluted	$ 4.71	$ 0.54
Loss from discontinued operations - diluted	(1.21)	(3.08)
Net income (loss) per common share - diluted	$ 3.50	$ (2.54)
Weighted-average number of shares outstanding:		
Basic	28,979	29,722
Diluted	37,476	30,692

	Six months ended June 30, 2026	Six months ended June 30, 2025 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 130,996	$ (77,959)
Less: Loss from discontinued operations, net of tax	45,362	94,533
Net income from continuing operations	176,358	16,574
Adjustments to reconcile net income from continuing operations to net cash provided by (used in) operating activities:		
Depreciation and amortization	9	10
Stock-based compensation	8,320	3,007
Accretion/amortization of investments, net	30	(3,264)
Amortization of right-of-use assets – operating	959	919
Non-cash interest expense for sale of future royalties	41,192	37,667
Deferred tax benefit	(183,699)	—
Changes in operating assets and liabilities:		
Receivables from collaborative partners	8,216	(19,347)
Prepaid expenses and other assets	(3,672)	289
Accounts payable and other liabilities	(44,853)	(46,361)
Income tax receivable	(3,245)	—
Operating lease liabilities	(1,017)	(941)
Net cash used in operating activities of continuing operations	(1,402)	(11,447)
Net cash used in operating activities of discontinued operations	(51,157)	(39,497)
Net cash used in operating activities	(52,559)	(50,944)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,955)	(176,755)
Sales and maturities of investments	47,500	283,781
Net cash provided by investing activities of continuing operations	42,545	107,026
Net cash used in investing activities of discontinued operations	—	(74)
Net cash provided by investing activities	42,545	106,952
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	25,371	1,713
Principal repayment of liability for sale of future royalties	(19,727)	(23,828)
Payments for repurchase of common stock	—	(55,522)
Payment for net share settlement of equity awards	—	(1,451)
Net cash provided by (used in) financing activities of continuing operations	5,644	(79,088)
'Net cash used in financing activities of discontinued operations	(100,000)	—
Net cash used in financing activities	(94,356)	(79,088)
Net decrease in cash and cash equivalents	(104,370)	(23,080)
Cash and cash equivalents in continued operations, beginning of period	138,196	23,080
Cash and cash equivalents within discontinued operations, beginning of period	100,000	100,000
Less: Cash and cash equivalents within discontinued operations, end of period	—	100,000
Cash and cash equivalents in continued operations, end of period	$ 133,826	$ —
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest portion of repayment for sale of future royalties	$ 41,500	$ 35,904
Income taxes paid	$ 5,582	$ 44
Non-cash investing and financing activities:		
Amounts accrued for repurchase of common stock	$ —	$ 480
Receivable related to issuance of common stock, upon exercise of stock options	$ 1,310	$ —

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

As of June 30, 2026, our management, with the participation of our principal executive officer and principal financial officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosures. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of June 30, 2026, the design and operation of our disclosure controls and procedures were effective at a reasonable assurance level.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Exchange Act. Management assessed the effectiveness of our internal control over financial reporting as of June 30, 2026. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework issued in 2013. Based upon the assessments, management has concluded that as of June 30, 2026 our internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

This Annual Report on Form 10-KT does not include an attestation report on internal control over financial reporting issued by our independent registered accounting firm. Although we are no longer a smaller reporting company, our auditors are not required to formally opine on the effectiveness of our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002 until we are no longer qualify for the transition relief available to issuers that have recently lost smaller reporting company status.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Internal control over financial reporting may not prevent or detect all errors and all fraud. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Item 9B. Other Information

During the quarter ended June 30, 2026, none of the Company’s directors or officers adopted or terminated any “Rule 10b5-1 trading arrangements” or any “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Our Board of Directors is divided into three classes. Each class serves for three years, with the terms of office of the respective classes expiring in successive years. The terms of office of directors in Class I, Class II, and Class III expire at the annual meetings of stockholders to be held in 2027, 2028 and 2029, respectively.

The following table sets forth the names, ages and certain other information for each of our directors as of the date of this filing:

Name	Age	Position and Class
Daniel Faga(1)	46	Director, Class II
Susannah Gray(4)	66	Director, Class I
Owen Hughes(4)	51	Director, Class I
Oleg Nodelman(3)	49	Director, Class I
John Orwin(2)(3)(4)	61	Director, Class II
Hollings Renton(3)	79	Director, Class III
John P. Schmid(2)(4)	63	Director, Class III

(1) Mr. Faga is our President and Chief Executive Officer
(2) Member of the compensation committee
(3) Member of the nominating and corporate governance committee
(4) Member of the audit committee

Our Board of Directors

Daniel Faga has served as a member of our Board of Directors since November 2021, and has served as our President and Chief Executive Officer since August 2023. Mr. Faga previously served as our Interim President and Chief Executive Officer from March 2022 to August 2023. From January 2020 to November 2021, Mr. Faga served as Chief Operating Officer at Mirati Therapeutics, responsible for leading the company's corporate strategy, finance, legal and other business operations. Prior to joining Mirati Therapeutics, Mr. Faga served as the Chief Business Officer for Spark Therapeutics, Inc. from May 2016 through December 2019, where he was responsible for leading the company's corporate strategy, portfolio and new product planning, patient advocacy, business development, alliance management, asset & program management and corporate communications functions. From July 2009 until April 2016, Mr. Faga was a Managing Director at Centerview Partners, an investment banking and advisory firm, where he served as a founding member of Centerview's healthcare advisory practice. Prior to Centerview, Mr. Faga worked at Merrill Lynch in its healthcare investment banking group and as a management consultant in the Life Sciences Practice at PRTM. Mr. Faga earned a B.S. in Engineering from Cornell University and an M.B.A. in Health Care Management from The Wharton School at the University of Pennsylvania. Our Board of Directors believes that Mr. Faga's extensive industry experience and executive experience provides him with the qualifications and skills to serve on our Board of Directors.

Susannah Gray has served as a member of our Board of Directors since March 2026. Ms. Gray also currently serves on the board of directors of Maravai LifeSciences Holdings, Inc., a life science company, 4D Molecular Therapeutics, Inc., a biotech company, and Theravance BioPharma, Inc., a biopharmaceutical company. Ms. Gray previously served on the board of directors of Morphic Holding, Inc. (the parent company of Morphic Therapeutic, Inc.), a biotech company, from April 2021 to August 2024 and Apria, Inc., a healthcare company, from May 2021 to March 2022, when Apria, Inc. was acquired by Owens & Minor, Inc. Ms. Gray served as the Chief Financial Officer of Royalty Pharma Management LLC ("Royalty Pharma"), a buyer of pharmaceutical royalties, from January 2005 to December 2018. Ms. Gray was promoted to Executive Vice President of Finance and Strategy in December 2018 and retired from Royalty Pharma in September 2019. Prior to Royalty Pharma, Ms. Gray served as a managing director and senior analyst covering the healthcare sector of CIBC World Markets' high yield group from 2002 to 2004 and previously served in similar roles at Merrill Lynch and Chase Securities (predecessor of J.P. Morgan Securities). Ms. Gray holds a B.A. in Social Studies from Wesleyan University and an MBA from Columbia University. Our Board of Directors believes that Ms. Gray's extensive executive experience in the pharmaceutical industry, as well as her financial expertise, qualify her to serve on our Board of Directors.

Owen Hughes has served as a member of our Board of Directors since May 2026. Mr. Hughes has served as Chief Executive Officer of Xoma Royalty Corp., a publicly traded royalty aggregator, since January 2024, and prior to that served as Executive Chairman of the Board of Xoma Royalty Corp. and Interim Chief Executive Officer from January 2023 through January 2024. Mr. Hughes has served as the Chief Executive Officer of Sail Bio, Inc., a private biotechnology company focused on addressing toxic proteinopathies, a rare genetic kidney disease, since February 2022 and served as the Chief Executive Officer and co-founder of Cullinan Therapeutics, Inc. (formerly Cullinan Oncology, Inc.), a publicly-traded oncology company, from September 2017 to October 2021. Previously, Mr. Hughes served as the Chief Business Officer and Head of Corporate Development at Intarcia Therapeutics, Inc., a biotechnology company focused on type II diabetes, from February 2013 to August 2017. Prior to his operating roles, Mr. Hughes spent 16 years on Wall Street in various capacities, including roles at Brookside Capital, an operating division of Bain Capital, and Pyramis Global Advisors, a Fidelity Investments Company. Mr. Hughes has served as the Chairman of the board of Ikena Oncology, Inc., a formerly publicly-traded oncology company, since December 2022 and as a member of the board of directors of C4 Therapeutics, a publicly traded biopharmaceutical company, since December 2023. Mr. Hughes served on the board of Radius Health, Inc., a formerly publicly-traded biopharmaceutical company, from April 2013 to August 2022, until its sale to Gurnet Point Capital and Patient Square Capital; Translate Bio, Inc., a messenger RNA therapeutics company, from July 2016 until its acquisition by Sanofi in September 2021; and FS Development Corp. II, a special purpose acquisition company sponsored by Foresite Capital, from February 2021 to December 2021. Mr. Hughes received a B.A. in History from Dartmouth College. Our Board of Directors believes that Mr. Hughes' extensive executive experience in the pharmaceutical industry, in particular in the royalty financing space, qualifies him to serve on our Board of Directors.

Oleg Nodelman has served as a member of our Board of Directors since April 2021 and Chairman of our Board since August 2026. Mr. Nodelman has served as the Founder and Portfolio Manager of EcoR1 Capital LLC, a biotech-focused investment advisory firm established in 2013, and one of our principal stockholders, since its inception. Previously, Mr. Nodelman served as a Portfolio Manager at BVF Partners from 2001 to 2012. Mr. Nodelman earned a B.S.F.S. in Science and Technology from Georgetown University, School of Foreign Service in 1999. Mr. Nodelman currently serves on the board of directors of both Galapagos NV and Zymeworks, and previously served on the board of directors of Prothena Corporation plc from 2019 to 2024, Nuvation Bio Inc. from February 2021 to December 2023 and Panacea Acquisition Corp. II from April 2020 to February 2021. Our Board of Directors believes that Mr. Nodelman's extensive industry experience provides him with the qualifications and skills to serve on our Board of Directors.

John Orwin has served as a member of our Board of Directors since September 2023 and Chairman of our Board from September 2023 to August 2026. Mr. Orwin has been a venture partner at Samsara BioCapital, L.P., a venture capital group, since 2024, and currently serves as the chair of the board of directors of Nested Therapeutics, Inc., a privately held company, serves on the board of directors of Ambrosia Biosciences, Inc., a privately held company, and as executive chairman of the board of directors of Agni Bio, Inc., a privately held company. Mr. Orwin served as the President and Chief Executive Officer of Atreca, Inc. from April 2018 to June 2024. He also has served as a member of the board of directors of CARGO Therapeutics, Inc. since August 2022, and Travere Therapeutics, Inc. since March 2017. He previously served as a member of the boards of directors of Seagen, Inc. from January 2014 until its acquisition by Pfizer Inc. in December 2023 and Array BioPharma, Inc. from November 2012 to July 2019. Mr. Orwin received a B.A. in Economics from Rutgers, The State University of New Jersey and an M.B.A. from New York University. Our Board of Directors believes that Mr. Orwin's extensive industry experience and executive positions at multiple biopharmaceutical companies qualify him to serve on our Board of Directors.

Hollings Renton has served as a member of our Board of Directors since June 2015. Mr. Renton previously served as the Chief Executive Officer and President of Onyx Pharmaceuticals, Inc. from 1993 to 2008 and as the chairperson of its board of directors from 2000 to 2008. Before joining Onyx Pharmaceuticals, Mr. Renton served as the President and Chief Operating Officer of Chiron Corporation, a pharmaceutical company, from 1991 to 1993, following its acquisition of Cetus Corporation. Mr. Renton served as the President of Cetus Corporation from 1990 to 1991, as Chief Operating Officer from 1987 to 1990, and as Chief Financial Officer from 1983 to 1987. Mr. Renton previously served on the board of directors of Zymeworks, Inc., a publicly traded company from 2017 to 2024 and Portola Pharmaceuticals, Inc., a publicly traded company, from March 2010 to June 2020. Mr. Renton received his M.B.A. from the University of Michigan and his B.S. in Mathematics from Colorado State University. Our Board of Directors believes that Mr. Renton's extensive industry experience and board memberships provide him with the qualifications and skills to serve on our Board of Directors.

John P. Schmid has served as a member of our Board of Directors since June 2015. Mr. Schmid served as Chief Financial Officer of Auspex Pharmaceuticals, Inc. from September 2013 to June 2015. Before joining Auspex Pharmaceuticals, Mr. Schmid co-founded Trius Therapeutics, a publicly traded biopharmaceutical company, where he served as the Chief Financial Officer from June 2004 until its merger with Cubist Pharmaceuticals, Inc., in September 2013. Before he joined Trius Therapeutics, Mr. Schmid served as the Chief Financial Officer at Gene Formatics, Inc., a private biotechnology company, from 1998 to 2003, and at Endonetics, a private medical device company, from 1995 to 1998. Mr. Schmid currently serves as a member of the board of directors of the publicly traded company Design Therapeutics Inc., a pharmaceutical company, and Bright Peak Therapeutics, a private biotechnology company. In the last five years, Mr. Schmid has previously served on the boards of directors of Helix Acquisition Corp. and Helix Acquisition Corp. II, both special purpose acquisition companies, Neos Therapeutics, Poseida Therapeutics, Inc., and Xeris Pharmaceuticals, all pharmaceutical companies. Mr. Schmid received his M.B.A. from the University of San Diego and his B.A. from Wesleyan University. Our Board of Directors believes that Mr. Schmid's extensive industry experience and executive positions at multiple biopharmaceutical companies qualify him to serve on our Board of Directors.

Committees of Our Board of Directors

Our Board of Directors has an audit committee, a compensation committee, and a nominating and corporate governance committee, each of which has the composition and responsibilities described below. Members serve on these committees until their resignation or until otherwise determined by our Board of Directors. Each committee operates under a charter approved by our Board of Directors. Copies of each committee's charter are posted on the investor relations section of our website at http://ir.anaptysbio.com.

Audit Committee

Our audit committee is composed of Ms. Gray, Mr. Hughes and Mr. Schmid. Mr. Schmid is the chairperson of our audit committee. Ms. Gray, Mr. Hughes, and Mr. Schmid each meet the requirements for independence under the current listing standards of The Nasdaq Global Select Market ("Nasdaq") and SEC rules and regulations. Each member of our audit committee is financially literate. In addition, our Board of Directors has determined that Mr. Schmid is an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Securities Act. This designation does not impose any duties, obligations or liabilities that are greater than are generally imposed on members of our audit committee and our Board of Directors. Our audit committee is responsible for, among other things:

- our accounting and financial reporting processes, including our financial statement audits and the integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- reviewing and approving related person transactions;
- selecting and hiring our registered independent public accounting firm;
- overseeing our cybersecurity risk management process;
- assisting the Board of Directors with risk assessment and management;
- the qualifications, independence and performance of our independent auditors; and
- the preparation of the audit committee report to be included in our annual proxy statement.

Compensation Committee

Our compensation committee is composed of Mr. Orwin and Mr. Schmid. Mr. Orwin is the chairperson of our compensation committee. The composition of our compensation committee meets the requirements for independence under the current Nasdaq listing standards and SEC rules and regulations. Each member of this committee is (i) an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) a non-employee director, as defined in Rule 16b-3 promulgated under the Exchange Act. Our compensation committee is responsible for, among other things:

- evaluating, recommending, approving, and reviewing executive officer and director compensation arrangements, plans, policies and programs;
- administering our cash-based and equity-based compensation plans;
- making recommendations to our Board of Directors regarding any other board of director responsibilities relating to executive compensation;
- reviewing our compensation policies for elements of risk;
- reviewing and discussing with management the disclosures contained under the caption "*Executive Compensation*" for use in our annual proxy statement, if required; and
- performing the other responsibilities set forth in its charter as in effect from time to time.

Our compensation committee retained an independent compensation consultant, Alpine Rewards ("Alpine Rewards"), a national compensation consulting firm, to assist in structuring our executive officer and director compensation on an ongoing basis.

Alpine Rewards provided our compensation committee with market data and analyses from a peer group of biotechnology companies with product candidates in a similar stage of development and similar financial and size characteristics. Alpine Rewards has not provided us or our compensation committee with any other services that would compromise their independence or pose a conflict of interest.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee is composed of Mr. Nodelman, Mr. Orwin, and Mr. Renton. Mr. Renton is the chairperson of our nominating and corporate governance committee. The composition of our nominating and corporate governance committee meets the requirements for independence under the current Nasdaq listing standards and SEC rules and regulations. Our nominating and corporate governance committee is responsible for, among other things:

- identifying, considering, and recommending candidates for membership on our Board of Directors;

- developing and recommending corporate governance guidelines and policies;
- overseeing the process of evaluating the performance of our Board of Directors; and
- advising our Board of Directors on other corporate governance matters.

Election of Officers

Our executive officers are appointed by, and serve at the discretion of, our Board of Directors. There are no family relationships among any of our directors or executive officers.

Code of Conduct and Ethics

Our Board of Directors has adopted a Code of Conduct and Ethics that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior financial officers. The full text of our Code of Conduct and Ethics is posted on the investor relations section of our website at http://ir.anaptysbio.com by clicking on "Governance." Any amendments or waivers of our Code of Conduct and Ethics pertaining to a member of our Board of Directors or one of our executive officers will be disclosed on our website at the above-referenced address.

Insider Trading Policy

We have adopted an Insider Trading Policy governing the purchase, sale, and other dispositions of our securities that applies to all of our personnel, including directors, officers, employees, and other covered persons. The Insider Trading Policy also provides that the Company will not transact in our own securities unless in compliance with U.S. federal and state securities laws. We believe that our Insider Trading Policy is reasonably designed to promote compliance with insider trading laws, rules and regulations, and listing standards applicable to the Company. A copy of the Insider Trading Policy is filed as Exhibit 19.1 to this Annual Report on Form 10-KT.

Hedging and Pledging Prohibitions

Under our Insider Trading Policy, our employees, executive officers, and members of our Board of Directors are prohibited from engaging in certain speculative transactions including, among other things: (i) acquiring, selling, or trading in any interest or position relating to the future price of our securities, such as a put option, a call option, or a short sale (including a short sale "against the box"); (ii) engaging in hedging or monetization transactions, including prepaid variable forward contracts, equity swaps, collars and exchange funds; or (iii) purchasing our securities on margin, borrowing against any account in which our securities are held, or pledging our securities as collateral for a loan.

Timing of Equity Grants

We do not time equity grants to take advantage of a depressed stock price or an anticipated increase in stock price and generally make awards on predetermined dates to ensure that awards cannot be timed to take advantage of material non-public information. Annual employee and non-employee director grants are completed in January each year, new hire stock awards to employees are generally granted on the 15th of the month immediately following their start date, and initial awards to non-employee directors are granted on the date of the non-employee director's initial appointment or election to our Board of Directors. No executive officer was granted stock options during a period beginning four business days before and ending one business day after the release of material non-public information during six months ended June 30, 2026.

Compensation Committee Interlocks and Insider Participation

None of our executive officers has served as a member of our Board of Directors, or as a member of the compensation or similar committee, of any entity that has one or more executive officers who served on our Board of Directors or compensation committee during the six months ended June 30, 2026.

Corporate Governance Guidelines

Our Board of Directors has adopted Corporate Governance Guidelines that set forth expectations for directors, director independence standards, board committee structure and functions and other policies for the governance of the company. Our Corporate Governance Guidelines are available without charge on the investor relations section of our website at http://ir.anaptysbio.com.

Board of Directors Composition and Leadership Structure

The positions of Chief Executive Officer and Chairman of our Board of Directors are held by two different individuals. Daniel Faga has served as our President and Chief Executive Officer since August 3, 2023. Oleg Nodelman serves as Chairman of our Board of Directors. This separated structure allows our Chief Executive Officer to focus on our day-to-day business while our Chairman leads our Board of Directors in its fundamental role of providing advice to, and independent oversight of, management. Our Board of Directors believes such separation is appropriate, as it enhances the accountability of the Chief Executive Officer to the Board of Directors and strengthens the independence of the Board of Directors from management.

Board of Directors' Role in Risk Oversight

Our Board of Directors believes that open communication between management and the Board of Directors is essential for effective risk management and oversight. Our Board of Directors meets with our Chief Executive Officer and other members of the senior management team at quarterly Board of Directors meetings, where, among other topics, they discuss strategy and risks in the context of reports from the management team and evaluate the risks inherent in significant transactions. While our Board of Directors is ultimately responsible for risk oversight, our board committees assist the Board of Directors in fulfilling its oversight responsibilities in certain areas of risk. The audit committee assists our Board of Directors in fulfilling its oversight responsibilities with respect to risk management in the areas of cybersecurity assessment and internal control over financial reporting and disclosure controls and procedures. The compensation committee assists our Board of Directors in assessing risks created by the incentives inherent in our compensation policies. The nominating and corporate governance committee assists our Board of Directors in fulfilling its oversight responsibilities with respect to the management of corporate, legal and regulatory risk.

Cybersecurity Risk Oversight

Securing the information of collaborators, team members, and other third parties is important to us. Moreover, our Board of Directors recognizes the critical importance of maintaining the trust and confidence of our investors, business partners and employees. We have adopted physical, technological, and administrative controls on data security, and have a defined procedure for data incident detection, containment, response, and remediation. While everyone at our company plays a part in managing these risks, oversight responsibility is shared by our Board of Directors, our audit committee, and management.

Non-Employee Director Compensation

The following table sets forth a summary of the compensation earned by AnaptysBio, Inc.'s non-employee directors for their service on our Board of Directors during the six months ended June 30, 2026.

Name[(1)]	Fees Earned or Paid in Cash ($)	Option Awards[(2)] ($)	Stock Awards[(2)] ($)	Total ($)
Dennis Fenton, Ph.D.[(3)]	$ 19,821	$ 179,675	$ 175,640	$ 375,136
Susannah Gray	$ 13,333	$ —	$ 749,138	$ 762,471
Owen Hughes	$ 5,604	$ —	$ 764,100	$ 769,704
Rita Jain, M.D.[(3)]	$ 14,485	$ 179,675	$ 175,640	$ 369,799
Magda Marquet, Ph.D.[(3)]	$ 15,247	$ 179,675	$ 175,640	$ 370,562
Oleg Nodelman	$ —	$ —	$ —	$ —
John Orwin	$ 49,890	$ 269,512	$ 263,460	$ 582,862
Hollings Renton	$ 25,000	$ 179,675	$ 175,640	$ 380,315
John P. Schmid	$ 33,750	$ 179,675	$ 175,640	$ 389,065
J. Anthony Ware, M.D.[(3)]	$ 21,923	$ 179,675	$ 175,640	$ 377,238

(1) As of June 30, 2026, Ms. Gray held 11,250 restricted stock units ("RSUs"); Mr. Hughes held 11,250 RSUs; Mr. Orwin held outstanding options to purchase 55,181 shares of common stock and 7,300 RSUs; Mr. Renton held outstanding options to purchase 107,320 shares of common stock and 4,000 RSUs; and Mr. Schmid held outstanding options to purchase 107,320 shares of common stock and 4,000 RSUs.

(2) The amounts reported in the option awards and the stock awards columns represent the grant date fair value of such awards granted to the directors during the six months ended June 30, 2026 as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("ASC Topic 718"). The assumptions used in calculating the grant date fair value of the stock options reported in the option awards column are set forth in Note 8 to AnaptysBio, Inc.'s audited consolidated financial statements included in this Annual Report on Form 10-KT for the six months ended June 30, 2026. Note that the amounts reported in this column reflect the accounting cost for these stock options and RSUs, and do not correspond to the actual economic value that may be received by AnaptysBio, Inc.'s directors from the options.

(3) In connection with the Spin-Off, Dennis Fenton, Rita Jain, and Magda Marquet resigned from the Board of Directors effective as of April 20, 2026 and J. Anthony Ware resigned from the Board of Directors effective April 23, 2026.

Our compensation arrangements for non-employee directors are reviewed periodically by our compensation committee and our Board of Directors. In addition, Alpine Rewards, the compensation committee's independent compensation consultant, provided a competitive analysis of director compensation levels, practices and design features as compared to the general market as well as to our compensation peer group. Based on this analysis, certain of the compensation terms described below were increased for 2026 from the prior year to better align with compensation paid by our peer group and market practices and to remain competitive.

Cash Compensation

Pursuant to our non-employee director compensation policy, each of our non-employee directors is provided with an annual cash compensation. Cash compensation is paid quarterly in arrears, and is prorated for partial service during a quarter.

The table below summarizes the cash compensation of our non-employee directors for 2026 prior to the Spin-Off pursuant to our director compensation policy:

	2026
Retainer	$ 40,000
Audit Committee Chair	$ 20,000
Audit Committee Member	$ 10,000
Compensation Committee Chair	$ 15,000
Compensation Committee Member	$ 7,500
Nominating and Corporate Governance Committee Chair	$ 10,000
Nominating and Corporate Governance Committee Member	$ 5,000
R&D Committee Chair	$ 15,000
R&D Committee Member	$ 10,000
Non-Executive Chair	$ 35,000

The table below summarizes the cash compensation of our non-employee directors for 2026 after the Spin-Off pursuant to our director compensation policy.

	2026
Retainer	$ 40,000
Audit Committee Chair	$ 20,000
Audit Committee Member	$ 10,000
Compensation Committee Chair	$ 15,000
Compensation Committee Member	$ 7,500
Nominating and Corporate Governance Committee Chair	$ 10,000
Nominating and Corporate Governance Committee Member	$ 5,000
Non-Executive Chair	$ 100,000
Chief Executive Officer	$ 120,000

Equity Compensation

Our non-employee director compensation policy is designed to enable us to attract and retain, on a long-term basis, highly qualified non-employee directors. Under our non-employee director compensation policy, each non-employee director will be eligible to receive the following amounts for their service on our Board of Directors:

- *Initial Stock Option Grant.* Prior to the Spin-Off each new non-employee director receives a stock option to purchase 11,000 shares of common stock and 8,000 RSUs, as well as a prorated annual equity grant.
- *Annual Stock Option Grants.* Prior to the Spin-Off each of our non-employee directors generally receives an annual stock option grant in January to purchase 5,500 shares of common stock and 4,000 RSUs.
- *Initial RSU Grant.* After the Spin-Off each new non-employee director receives a grant of 11,250 RSUs.
- *Annual RSU Grant.* After the Spin-Off each of our non-employee directors generally receives an annual RSU grant in January for 6,250 RSUs.

All equity awards held by our non-employee directors will accelerate in full upon a change in control.

EXECUTIVE OFFICERS

The following table sets forth the names, ages and certain other information about our executive officers as of the date of this filing:

Name	Age	Position
Daniel Faga	46	President and Chief Executive Officer and Director
Christopher M. Murphy	42	Chief Financial Officer

Mr. Faga's biographical information is set forth above under the heading "Our Board of Directors."

Mr. Murphy was appointed as Chief Financial Officer on May 11, 2026. His biographical information is set forth below.

On April 20, 2026, we distributed all outstanding shares of common stock of our subsidiary First Tracks Biotherapeutics, Inc. ("First Tracks Biotherapeutics") to holders of our stock as a pro rata dividend. In connection with the Spin-Off (as defined below), Eric Loumeau, Paul Lizzul, M.D., Ph.D., and Dennis Mulroy separated from the Company effective as of April 20, 2026.

Our executive officers are appointed by, and serve at the discretion of, our Board of Directors. There are no family relationships among any of our directors or executive officers.

None of our directors, executive officers, significant employees or control persons has been involved in any legal proceeding listed in Item 401(f) of Regulation S-K in the past 10 years.

Christopher M. Murphy has served as our Chief Financial Officer since May 2026. Prior to joining us, Mr. Murphy served as Chief Financial and Business Officer of Third Harmonic Bio, Inc. from January 2024 through December 2025. Prior to that, Mr. Murphy held positions of increasing responsibility at Horizon Therapeutics PLC, or Horizon, from March 2014 to May 2020, serving as Vice President of Business Development from March 2014 to November 2015, Group Vice President of Corporate Development from November 2015 to October 2017, Group Vice President of Operations, Inflammation Business Unit from October 2017 to June 2018, and most recently as Group Vice President, Commercial Operations and Analytics from June 2018 to May 2020. Prior to Horizon, Mr. Murphy held positions of increasing responsibility in the Life Sciences Investment Banking Group at JMP Securities LLC, or JMP, from July 2008 to March 2014, serving most recently as a Director from February 2014 to March 2014. Prior to JMP, Mr. Murphy served as a Consultant in the Litigation and Investigation Group of Navigant Consulting, Inc. from July 2006 to June 2008. Mr. Murphy holds a B.B.A. in Finance from the University of Notre Dame.

Item 11. Executive Compensation

This overview and narrative ("Compensation Disclosure") describes the key elements of our executive compensation program and compensation decisions for our named executive officers for the six months ended June 30, 2026. This Compensation Disclosure is intended to be read in conjunction with the tables that immediately follow this section, which provide additional compensation information for our named executive officers. As a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K, we are not required to include a Compensation Discussion and Analysis section and have elected to comply with the scaled disclosure requirements applicable to smaller reporting companies. However, we believe the additional narrative disclosure with respect to our executive compensation program will provide our stockholders with further information regarding our company and our executive compensation program and practices and therefore will assist in their consideration of the non-binding advisory vote with respect to named executive officer compensation that will be included in our proxy statement for the upcoming annual meeting.

For the six months ended June 30, 2026, our "named executive officers" ("NEOs") were:

- Daniel Faga, President and Chief Executive Officer and Director;
- Christopher M. Murphy, Chief Financial Officer
- Paul Lizzul, Former Chief Medical Officer; and
- Dennis Mulroy, Former Chief Financial Officer

On April 20, 2026, we completed the previously announced separation (the "Spin-Off") of First Tracks Biotherapeutics from the Company. The impact of the Spin-Off on our executive compensation program is described below under "Impact of the 2026 Spin-Off on Named Executive Officers and Executive Compensation Arrangements." In connection with the Spin-Off, Eric Loumeau separated from the Company as an executive officer, and Paul Lizzul, M.D., Ph.D. and Dennis Mulroy separated from the Company, effective as of April 20, 2026. Mr. Loumeau continued to provide services as a consultant following his separation.

Executive Compensation Policies and Practices

We endeavor to maintain sound compensation governance standards consistent with our executive compensation policies and practices. Our compensation committee evaluates our executive compensation program on a regular basis (and no less than annually) to ensure that it is consistent with our short-term and long-term goals given the dynamic nature of our business and the market in which we compete for executive talent. The following summarizes our executive compensation and related policies and practices:

What We Do

- ***Maintain an Independent Compensation Committee.*** Our compensation committee consists solely of independent directors who establishes our compensation practices.
- ***Retain an Independent Compensation Advisor.*** Our compensation committee has engaged its own compensation consultant to provide information, analysis, and other advice on executive compensation independent of management. In the six months ended June 30, 2026, the compensation committee continued its engagement with Alpine Rewards as its independent compensation consultant. Alpine Rewards did not perform any other consulting or other services for us in the six months ended June 30, 2026.
- ***Annual Executive Compensation Review.*** Our compensation committee conducts an annual review and approval of our compensation strategy, including a review and determination of our compensation peer group used for comparative purposes and a review of our compensation-related risk profile to ensure that our compensation programs do not encourage excessive or inappropriate risk-taking and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on us.
- ***Compensation At-Risk.*** Our executive compensation program is designed so that a significant portion of each of our named executive officer's compensation is "at-risk" based on corporate performance against pre-specified annual goals, as well as equity-based, to align the interests of our executive officers and stockholders.
- ***Use a "Pay-for-Performance" Philosophy.*** The majority of our named executive officers' compensation is directly linked to corporate performance through short-term performance-based annual bonuses and long-term equity awards, including certain corporate performance-based equity awards. We also structure their target total direct compensation opportunities with a strong emphasis on the long-term equity component, thereby making a substantial portion of each named executive officer's target total direct compensation dependent upon our stock price performance.
- ***Succession Planning.*** On an as-needed basis, our Board of Directors, with input from the nominating and corporate governance committee, reviews the risks associated with our named executive officer positions to ensure adequate succession plans are in place.
- ***Clawback Policy.*** Our executive officers are subject to a compensation recovery "clawback" policy that provides for the recovery of excess incentive-based compensation in the event we are required to restate our financial statements.

What We Do Not Do

- ***No Guaranteed Bonuses.*** We do not provide guaranteed bonuses to our named executive officers.
- ***No Executive Retirement Plans.*** We do not currently offer defined benefit pension plans or any non-qualified deferred compensation plans or arrangements to our named executive officers other than the plans and arrangements that are available to employees generally.
- ***No Hedging or Pledging.*** We prohibit our employees (including our named executive officers) and the non-employee members of our Board of Directors from hedging or pledging our securities.
- ***No Special Welfare or Health Benefits.*** We do not provide our named executive officers with any welfare or health benefit programs, other than participation in our broad-based employee programs.

Stockholder Advisory Vote to Approve Named Executive Officer Compensation

At our 2026 Annual Meeting of Stockholders, we conducted a non-binding stockholder advisory vote on the compensation of our named executive officers (commonly known as a "Say-on-Pay" vote). Our Board of Directors and our compensation committee consider the results of the Say-on-Pay vote in determining the compensation of our executive officers, including our named executive officers. At our 2026 Annual Meeting of Stockholders, approximately 97% of the votes cast approved our executive compensation program.

We value the opinion of our stockholders. Our Board of Directors and our compensation committee will continue to consider the result of the Say-on-Pay vote, as well as feedback received throughout the year, when making compensation decisions for our executive officers.

Executive Compensation Philosophy & Objectives

The principal objectives of our executive compensation program, policies, and practices are to:

- offer competitive compensation which enables us to attract and retain high-caliber executives;
- reward the achievement of our business objectives by directly linking annual bonuses to the achievement of objectives that build long-term stockholder value;
- recognize both corporate and individual performance by providing opportunities for career advancement and opportunities for above-median short-term and long-term compensation based on measurable corporate and individual performance; and
- align the interests of our executives with those of our stockholders by incentivizing and rewarding the creation of stockholder value.

Our compensation committee believes an appropriate, well-designed compensation program should align executive interests with the drivers of growth and stockholder returns by supporting the achievement of our primary business goals. Further, the compensation program must enable us to attract and retain employees whose talents, expertise and leadership can drive our success and sustained growth in long-term stockholder value.

Our executive compensation program has reflected our industry and life-cycle stage, including the fact that we are a biotechnology company whose product candidates are in pre-clinical and clinical development and remain subject to regulatory approval. As a result, our revenues have been limited. Our historical compensation programs have focused on long-term incentive compensation in the form of equity awards relative to cash compensation. This approach seeks to place a substantial portion of executive compensation at risk by rewarding our named executive officers, in a manner comparable to our stockholders, for achieving our business and financial objectives.

In addition, we have a performance-oriented compensation philosophy focused on creating long-term value. Our executive compensation program is heavily weighted toward variable, at-risk performance based bonuses, long-term equity awards, and performance-based equity awards.

We maintain an annual performance-based cash bonus plan for our named executive officers. Payments under this cash bonus plan are based primarily on our level of achievement of pre-established corporate performance goals to tie compensation of our named executive officers to achievement of key corporate objectives, which will ultimately create stockholder value. We also provide long-term equity awards to motivate our named executive officers in a manner that directly aligns their interest with our long-term strategic direction and the interests of our stockholders, as well as providing our executive officers with an incentive to remain with us as their equity awards vest.

When considering the total variable pay-mix for our executive officers, we seek to design and implement a competitive executive compensation program that combines both cash and incentive elements based on annual performance objectives and long-term equity elements that will be flexible and complementary to meet our compensation objectives. Our compensation committee has not adopted any formal policies or guidelines for allocating compensation between current and long-term compensation, between cash and non-cash compensation, or among different forms of non-cash compensation. The factors taken into account by our compensation committee in setting the level of fixed and variable cash compensation and non-cash compensation are described in greater detail below in "*Compensation-Setting Process*" and "*Compensation Elements*."

Compensation-Setting Process

Our compensation committee has overall responsibility for overseeing our compensation and benefits policies generally, and overseeing and evaluating the compensation plans, policies and practices applicable to our Chief Executive Officer and other named executive officers.

In carrying out its responsibilities, our compensation committee evaluates our compensation policies and practices with a focus on the degree to which these policies and practices reflect our executive compensation philosophy, develops strategies and makes decisions that it believes further our philosophy or align with developments in best compensation practices, and reviews the performance of our named executive officers when making decisions with respect to their compensation.

In discharging its responsibilities, our compensation committee engages an external compensation consultant to assist it by providing information, analysis and other advice relating to our executive compensation program. Our compensation committee also takes into consideration input from our Chief Executive Officer (other than with respect to himself) and other members of our management team.

Our compensation committee's authority, duties, and responsibilities are further described in its charter, which is reviewed annually and revised and updated as warranted. The charter is available on our company website. Our compensation committee also retains an independent compensation consultant (as described below) to provide support in its review and assessment of our executive compensation program.

Updated Competitive Positioning

During 2025, our compensation committee directed Alpine Rewards to refresh our compensation peer group for 2026. In evaluating the companies to comprise the compensation peer group at that time, Alpine Rewards considered the following criteria: (i) biotechnology and pharmaceutical companies with therapeutic similarity in inflammation, immune-oncology, and other antibody-based therapies; (ii) with lead drugs in phase II or III or pending approval; (iii) ~50 - ~250 employees (~0.5 to ~2.5 of our current headcount); and (iv) a market capitalization of 0.33x to 3.0x our market capitalization.

Based on a review of the analysis prepared by Alpine Rewards in September 2025, our compensation committee approved an updated compensation peer group, referred to as the 2026 peer group, consisting of the following companies:

Allogene Therapeutics	Dianthus Therapeutics	Spyre Therapeutics
Annexon	Dyne Therapeutics	Stoke Therapeutics
Apogee Therapeutics	Janux Therapeutics	Vera Therapeutics
Arcellx	Kura Oncology	Xencor
Astria Therapeutics	Kymera Therapeutics	Zymeworks
Celldex Therapeutics	Nurix Therapeutics	
Centessa Therapeutics	Replimune Group	

Our compensation committee used the 2026 peer group as a reference in December 2025 for its compensation decisions regarding the six months ended June 30, 2026.

The compensation practices of the peer group were the primary guide used by our compensation committee to compare the competitiveness of each compensation element and overall compensation levels (base salary, target annual cash bonus opportunities, and long-term incentive compensation) for purposes of decisions relating to compensation.

Our compensation committee reviews our compensation peer group each year (or more frequently if there have been significant changes to either our business model or market capitalization) and makes adjustments to its composition if warranted, taking into account changes in both our business and the businesses of the companies in the peer group.

Compensation Elements

In the six months ended June 30, 2026, the principal elements of our executive compensation program, and the objective for each element, were as follows:

Element	Type	Objective
Base Salary	Fixed	Provide a secure, fixed compensation amount that reflects executive's scope of responsibility, skill-level and performance and is competitive with the market.
Annual Cash Bonus Awards	Variable	Designed to motivate our executives to achieve annual business objectives and provide financial incentives when we meet or exceed these annual corporate objectives.
Long-Term Incentive Compensation	Variable	Designed to align the interests of our executives with those of our stockholders by motivating them to create sustainable long-term stockholder value.

Base Salary

Base salary represents the fixed portion of the compensation of our named executive officers and is an important element of compensation intended to attract and retain highly-talented individuals by providing an amount of fixed pay that compensates executives for their scope of responsibility, skill-level and performance.

In December 2025, our compensation committee reviewed the base salaries of our named executive officers, taking into consideration a competitive market analysis prepared by its compensation consultant using the then-current peer group and the other factors described in "*Compensation-Setting Process*" above. Following this review, our compensation committee approved base salary increases for each of our named executive officers, effective January 1, 2026, to bring their base salaries to levels that were comparable to those of similarly-situated executives at the companies in our compensation peer group.

The base salaries paid to our named executive officers during 2026 are set forth in the "*Executive Compensation 2026 Summary Compensation Table*" below.

Annual Performance-Based Cash Bonuses

We use an annual performance-based cash bonus plan to motivate our employees, including our named executive officers, to achieve our key annual corporate business objectives. In December 2025, our compensation committee and Board of Directors adopted an annual cash bonus plan for 2026 (the "2026 Cash Bonus Plan") to provide financial incentives related to the achievement of principal goals set forth in our 2026 annual operating plan. The 2026 Cash Bonus Plan provided for bonus payments to be funded based on our level of achievement with respect to corporate performance goals (as described below).

For purposes of the 2026 Cash Bonus Plan, cash bonus payments were based upon a specific percentage of each participant's base salary. In December 2024, our compensation committee reviewed the target annual cash bonus opportunities of our named executive officers, taking into consideration the factors described in "Compensation-Setting Process" above and approved the target annual cash bonus opportunities for each of the named executive officers.

The table below shows the 2026 target annual cash bonus opportunities for our named executive officers, expressed as a percentage of base salary, which targets remain unchanged from 2024:

Named Executive Officer	**2026 Target Annual Cash Bonus Opportunity (as a percentage of base salary)**
Daniel Faga[(1)]	60%
Christopher M. Murphy	40%

(1) 2026 target bonus are expected to be paid partially by AnaptysBio for services provided prior to the Spin-Off and by First Tracks Biotherapeutics for services after the Spin-Off.

Corporate Performance Goals

Participants in the 2026 Cash Bonus Plan are eligible to receive a bonus payment based upon the attainment of one or more corporate performance goals that were selected and approved by our compensation committee and which related to financial and operational metrics that were important to us. The corporate performance component of the 2026 Cash Bonus Plan will be funded based on our actual results for the year as evaluated against these performance goals and account for 100% of the NEOs total bonus opportunity.

In December 2026, our compensation committee will review performance against the corporate goals.

Long-Term Incentive Compensation

Our long-term, equity-based incentive awards are designed to align the interests of our named executive officers with the interests of our stockholders. Because vesting of our equity awards is generally subject to continued service over a period of several years following the date of grant, our equity-based incentives also serve as a retention device for our named executive officers. We generally provide initial equity-based incentive awards in connection with the commencement of employment of our named executive officers as an inducement to commencement of employment. We award annual equity-based incentive awards at or shortly following the end of each year. Awards are subject to vesting over a period of multiple years to provide long-term incentives to deliver sustained stockholder value and to facilitate retention. From time to time, we may also grant awards with performance-based metrics to incentivize and reward targeted corporate goals.

The compensation committee believes that a combination of stock options and RSUs, each with multi-year vesting, provide a balance of incentive and retention and, accordingly, are the most effective compensation strategy for us at this time. The compensation committee views stock options as inherently performance-based compensation that provides a direct link between executive pay and stockholder return, as the value realized, if any, by the executive, is dependent upon, and directly proportionate to, appreciation in stock price over the exercise period and throughout the remaining term prior to exercise. Additionally, stock options will not provide value to the holder if the value of our stock price does not increase after the award is granted. RSUs are a common incentive used by many of our talent competitors, and provide retentive value to executives, particularly during any periods of stock price volatility.

For our 2026 executive long-term incentive mix, the compensation committee determined, in consultation with its compensation consultant, to again include stock options and RSUs.

Typically, we have granted equity based awards of our common stock to our named executive officers as part of our compensation committee's annual review of executive compensation. To date, our compensation committee has not applied a rigid formula in determining the size of these equity awards. Instead, our compensation committee determines the amount of the equity award for each named executive officer after taking into consideration a compensation analysis performed by its compensation consultant using market data, the equity award recommendations of our Chief Executive Officer (except with respect to his own award), the amount of equity compensation held by the named executive officer (including the current economic value of his or her unvested equity and the ability of these unvested holdings to satisfy our retention objectives), and the factors described in "*Compensation-Setting Process*" above.

2026 "Refresh" Equity Awards

In January 2026, based upon the considerations and analysis described above, our compensation committee determined to grant options to purchase shares of our common stock and RSUs to our named executive officers in amounts that it considered to be consistent with our compensation philosophy and its desired market positioning and which also recognized the performance of each of our named executive officers. The stock options and RSUs granted to our named executive officers in January 2026 were as follows:

Named Executive Officer	Number of Shares Underlying Stock Options [1] (#)	Number of RSUs[2] (#)	Number of PSUs[3] (#)
Daniel Faga	133,400	98,600	34,300
Christopher M. Murphy	—	—	—
Paul Lizzul M.D., Ph.D.	29,000	21,400	—
Dennis Mulroy	29,000	21,400	—

(1) The options to purchase shares of our common stock vest and become exercisable over a four-year period, with 25% of the shares of our common stock subject to the options vesting on the first anniversary of the date of grant and 1/48th of the shares of our common stock subject to the options vesting in equal monthly installments thereafter, contingent upon the named executive officer remaining continuously employed by us through each applicable vesting date.

(2) The RSUs vest in annual equal installments over four years, contingent upon the named executive officer remaining continuously employed by us through each applicable vesting date.

(3) The PSUs vested upon the achievement of certain performance criteria as certified by the Compensation Committee of the Board of Directors on March 25, 2026.

2024 Share Price-Based Performance RSUs

In July 2024, after undertaking a comprehensive review and analysis with Compensia, Inc., our former independent compensation consultant, our compensation committee determined to grant contingent Performance Stock Units (the "2024 PSUs") to our named executive officers, with each performance stock unit ("PSU") representing a contingent right to receive one share of common stock upon the achievement of $50, $75, and $100 share price, which is approximately a 100%, 200% and 300% price increase above the share price at time of grant. At the time of grant, our 30-day average closing price was $26.29 per share. The 2024 PSUs have the potential to provide meaningful compensation to our executives, but only if they deliver exceptional performance that creates significant returns for the stockholders. The 2024 PSUs were designed to incentivize significant and sustained out performance, with vesting only occurring at stock price targets significantly above our historical stock price and such targets must be satisfied over a 60-trading day average. Moreover, 2024 PSUs were designed to drive our strategic direction and value creation over the long-term by encouraging leadership continuity and collaboration and motivating the executives with equity that rewards them for providing sustained meaningful increases in stockholder value.

The PSUs have a four-year performance period and are divided into three equal tranches, with each tranche eligible to vest based on the achievement, within the performance period, of certain share price targets. If a share price target is achieved, the PSUs allocated to such share price target shall become eligible to vest (the "Eligible PSUs") with (i) 50% of the Eligible PSUs vesting on the one-year anniversary of the later to occur of the date our compensation committee determines achievement of a share price target and July 1, 2025 (such later date the "Service Vesting Commencement Date") and the remaining 50% of the Eligible PSUs vesting on the two-year anniversary of the Vesting Commencement Date. As of March 2026, the $50 share price target was achieved and the applicable tranche of PSUs was earned and 50% of such tranche was fully vested and 50% of each tranche was converted into time-based RSUs vesting on March 12, 2027 and March 12, 2028. As part of the Spin-Off, the 2024 PSUs with a price target of $75 and $100 were cancelled.

Welfare and Health Benefits

Our named executive officers participate in our company-sponsored benefit programs on generally the same basis as other salaried employees, including with respect to our 401(k) plan and health and welfare benefits.

Perquisites and Other Personal Benefits

Currently, we do not view perquisites or other personal benefits as a significant component of our executive compensation program. Accordingly, we do not provide significant perquisites or other personal benefits to our named executive officers, except as generally made available to our employees, or in situations where we believe it is appropriate to assist an individual in the performance of his or her duties, to make him or her more efficient and effective, and for recruitment and retention purposes. During 2026, none of our named executive officers received perquisites or other personal benefits that were, in the aggregate, $10,000 or more for each individual.

In the future, we may provide perquisites or other personal benefits in limited circumstances, such as those described in the preceding paragraph. All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by our compensation committee.

Impact of the 2026 Spin-Off on Executive Officers and Executive Compensation Arrangements

On April 20, 2026, we completed the Spin-Off of First Tracks Biotherapeutics from the Company. The following briefly describes the executive officer transitions and compensatory changes occurring in connection with the Spin-Off.

Spin-Off Executive Officer Transitions

Immediately following the Spin-Off, our only executive officer was Daniel Faga. On April 20, 2026, we entered into a consulting agreement with Daniel Faga (the “Faga Consulting Agreement”), pursuant to which Mr. Faga will be engaged as a consultant to serve as Chief Executive Officer of the Company at least through January 15, 2027. Mr. Faga’s outstanding equity awards will continue vesting pursuant to their terms during his consultancy, and Mr. Faga remains eligible for accelerated vesting in the event he is terminated prior to January 15, 2027.

On March 26, 2026, we entered into a transition and separation agreement with Dennis Mulroy (the “Mulroy Separation Agreement”), which was effective upon the Spin-Off. The Mulroy Separation Agreement provides that, among other things, the Mulroy Employment Agreement (as defined below) was terminated effective as of the Spin-Off, and in exchange for executing a general release of claims in favor of the Company, Mr. Mulroy will receive a lump sum payment equal to nine months of base pay and reimbursement for his COBRA premiums for a period of 9 months.

In connection with the Spin-Off, Paul Lizzul’s employment as our Chief Medical Officer ceased.

Treatment of Equity in Spin-Off

In connection with the Spin-Off, each of our outstanding equity awards, including the outstanding equity awards held by our NEOs as of the Spin-Off were treated as follows:

Options. Each outstanding option was converted into (i) an adjusted AnaptysBio, Inc. option covering the same number of shares and (ii) a new First Tracks Biotherapeutics option covering a number of shares equal to the original share number multiplied by the distribution ratio. The aggregate exercise price was allocated between the two options based on the respective first closing prices of AnaptysBio, Inc. common stock and First Tracks Biotherapeutics common stock following the Spin-Off. The new First Tracks Biotherapeutics options were issued under the First Tracks Biotherapeutics 2026 Equity Incentive Plan (the “2026 Plan”) on substantially similar terms and conditions as the original AnaptysBio, Inc. options, including vesting, except that references to AnaptysBio, Inc. were adjusted to refer to First Tracks Biotherapeutics.

Restricted Stock Units. Each holder of our RSUs received one First Tracks Biotherapeutics RSU for every AnaptysBio, Inc. RSU and continues to hold the original AnaptysBio, Inc. RSU in accordance with the applicable award agreement. The First Tracks Biotherapeutics RSUs were issued under the 2026 Plan on substantially similar terms and conditions as the original AnaptysBio, Inc. RSUs, including vesting, except that references to AnaptysBio, Inc. were adjusted to refer to First Tracks Biotherapeutics.

Performance Stock Units. Outstanding PSUs that related to the $75 and $100 stock-price hurdles were cancelled and replaced with new PSUs covering shares of First Tracks Biotherapeutics common stock equal in value to the cancelled awards, rounded down to the nearest whole share. The replacement PSUs are subject to substantially equivalent terms and conditions as the cancelled PSUs, except that the stock-price hurdles were equitably adjusted to retain the same ratio relative to the First Tracks Biotherapeutics stock price following the Spin-Off as the original hurdles bore to our stock price prior to the Spin-Off, and performance will be measured based on the First Tracks Biotherapeutics stock price.

Change in Control. If, following the Spin-Off, a change in control of AnaptysBio, Inc. occurs, all outstanding AnaptysBio, Inc. equity awards as of the Spin-Off shall accelerate and vest “single-trigger”.

Summary Compensation Table

The following table presents summary information regarding the total compensation that was awarded to, earned by or paid to our named executive officers for services rendered during the transition period of the six months ended June 30, 2026 (referred to in the table below as "TP2026"), and years ended December 31, 2025 and December 31, 2024.

Name and Principal Position	Year	Salary ($)	Stock Awards[(1)] ($)	Option Awards[(1)] ($)	Non-Equity Incentive Plan Compensation[(2)] ($)	All Other Compensation ($)	Total ($)
Daniel Faga	TP 2026	242,397	5,835,639	4,357,925	—	33,006 [(4)]	10,468,967
President and Chief Executive Officer and Director	2025	706,011	1,592,001	3,345,653	465,968	24,310 [(4)]	6,133,943
	2024	685,448	6,889,127 [(3)]	5,723,455	308,452	23,810 [(4)]	13,630,292
Christopher M. Murphy	TP 2026	71,989	1,749,959	—	—	—	1,821,948
Chief Financial Officer	2025	—	—	—	—	—	—
	2024	—	—	—	—	—	—
Paul Lizzul	TP 2026	187,376	939,674	947,375	—	8,514 [(6)]	2,082,939
Former Chief Medical Officer	2025	545,754	505,703	1,064,476	221,031	28,413 [(6)]	2,365,377
	2024	529,859	2,128,976 [(5)]	1,741,973	158,958	23,742 [(6)]	4,583,508
Dennis Mulroy	TP 2026	607,984	939,674	947,375	—	28,208 [(8)]	2,523,241
Former Chief Financial Officer	2025	510,070	397,444	836,687	224,431	39,295 [(8)]	2,007,927
	2024	495,213	1,196,600 [(7)]	1,368,672	148,564	29,858 [(8)]	3,238,907

(1) The amounts reported in the Option Awards and Stock Awards columns represent the grant date fair value of the stock options, RSUs, and PSUs granted to the named executive officers during the six months ended June 30, 2026 and years ended December 31, 2025 and 2024 as computed in accordance with ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in the Option Awards column are set forth in Note 8 to our audited consolidated financial statements included in our Transition Report on Form 10-KT for the six months ended June 30, 2026 and our Annual Report on Form 10-K for the year ended December 31, 2025, respectively. The grant date fair value of the 2024 PSUs is estimated based upon the expected achievement of the performance metric specified in the PSU Agreement as of the grant date, using a Monte Carlo simulation. Note that the amounts reported in these columns reflect the accounting cost for these stock options, RSUs and PSUs, and do not correspond to the actual economic value that may be received by our named executive officers from such awards.

(2) The amounts reported in the "Non-Equity Incentive Plan Compensation" column reflect the annual cash bonuses paid under our annual cash bonus plan. Bonus payments for the 2026 calendar year will be evaluated and determined in the third quarter of fiscal year 2027.

(3) In addition to time-vesting RSUs, includes $3,949,862 related to PSUs granted to Mr. Faga during the year ended December 31, 2024, contingent on achieving a $50, $75 and $100 share price.

(4) Includes Board of Directors fees, 401(k) matching contributions and group term life insurance premiums paid on behalf of Mr. Faga.

(5) In addition to time-vesting RSUs, includes $1,234,334 related to PSUs granted to Dr. Lizzul during the year ended December 31, 2024, contingent on achieving a $50, $75 and $100 share price.

(6) Reflects 401(k) matching contributions and group term life insurance premiums paid on behalf of Dr. Lizzul.

(7) In addition to time-vesting RSUs, includes $493,728 related to PSUs granted to Mr. Mulroy during the year ended December 31, 2024, contingent on achieving a $50, $75 and $100 share price.

(8) Reflects 401(k) matching contributions and group term life insurance premiums paid on behalf of Mr. Mulroy.

Outstanding Equity Awards as of June 30, 2026

The following table presents, for each of our named executive officers, information regarding outstanding stock options, RSUs and PSUs held as of June 30, 2026:

	Option Awards				
Name	**Grant Date**[1]	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**
Daniel Faga[3]	11/26/2021	2,321	—	22.80	11/25/2031
	11/26/2021	11,000	—	22.80	11/25/2031
	02/10/2022	9,200	—	22.31	02/09/2032
	01/06/2023	166,477	28,423	17.02	01/05/2033
	01/03/2024	229,354	150,266	15.53	1/02/2034
	01/07/2025	108,198	197,302	10.87	01/06/2035
	01/6/2026	—	133,400	32.17	01/05/2036

		Stock Awards	
Name	**Grant Date**[1]	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**[2]
Daniel Faga[4]	01/06/2023	17,850	1,204,875
	01/03/2024	69,355	4,681,463
	07/22/2024	53,334	3,600,045
	01/07/2025	80,512	5,434,560
	01/06/2026	98,600	6,655,500
Christopher Murphy	5/11/2026	25,765	1,739,138

(1) Except where otherwise noted, the underlying shares of each option vest over four years, with 1/4 of the underlying shares vesting on the first calendar anniversary of the grant date and, thereafter, 1/48 of the underlying shares vest on the same day of each succeeding calendar month, subject to the optionee's employment through each applicable vesting date, such that 100% of the underlying shares will have vested on the fourth calendar anniversary of the grant date.

(2) Based on the closing price of our common stock on June 30, 2026, of $67.50.

(3) The options vest as to their underlying shares as follows: (i) the shares underlying the 2,321 options granted on November 26, 2021 have fully vested; (ii) the 11,000 shares underlying the option granted on November 26, 2021 have fully vested; (iii) the 9,200 shares underlying the option granted on February 10, 2022 have fully vested; (iv) of the 194,900 shares underlying the option granted on January 6, 2023, 1/4 vested on January 6, 2024, and 1/48 vest on the sixth of each succeeding calendar month, starting February 6, 2024; (v) of the 379,620 shares underlying the option granted on January 3, 2024, 1/4 vested on January 3, 2025 and 1/48 vest on the third of each succeeding calendar month, starting February 3, 2025; (vi) of the 305,500 shares underlying the option granted on January 7, 2025, 1/4 vested on January 7, 2026 and 1/48 will vest on the seventh day of each succeeding calendar month, starting February 7, 2026; (vii) of the 133,400 shares underlying the option granted on January 6, 2026, 1/4 will vest on January 6, 2027 and 1/48 will vest on the sixth day of each succeeding calendar month, starting February 6, 2027. If we experienced a change in control in 2027 and Mr. Faga experienced a qualifying termination, Mr. Faga is eligible for certain accelerated vesting as described above under "*—Potential Payments upon Termination or Change in Control.*

(4) The stock awards vest as follows: (i) of the shares underlying the 71,400 RSUs granted on January 6, 2023, 1/4 vested on January 6, 2023 and 1/4 vest annually thereafter; (ii) of the shares underlying the 138,710 RSUs granted on January 3, 2024, 1/4 vested on January 3, 2025 and 1/4 vest annually thereafter; (iii) of the shares underlying the 160,000 PSUs granted on July 22, 2024, 53,334 of the shares will vest 50% on March 12, 2027, and 50% will vest on March 12, 2028. 106,666 shares were cancelled as part of the Spin-Off of First Tracks Biotherapeutics. (iv) of the shares underlying the 107,350 RSUs granted on January 7, 2025, 1/4 vested on January 7, 2026 and 1/4 vest annually thereafter and (v) of the shares underlying the 98,600 RSUs granted on January 6, 2026, 1/4

will vest on January 6, 2027 and 1/4 vest annually thereafter. If we experienced a change in control in 2027 and Mr. Faga experienced a qualifying termination, Mr. Faga is eligible for certain accelerated vesting as described above under "*—Potential Payments upon Termination or Change in Control.*

Employment Agreements

The terms and conditions of employment of each of Mr. Faga, Mr. Murphy, Dr. Lizzul and Mr. Mulroy are set forth in written employment agreements. Each of these arrangements was approved by our Board of Directors. We believed these employment agreements were necessary to induce these individuals to forego other employment opportunities or leave their current employer for the uncertainty of a demanding position in a new and unfamiliar organization.

Mr. Faga's Employment Agreement

Before the Spin-off, Mr. Faga was party to an employment agreement, effective as of August 3, 2023 (the "Faga Employment Agreement," which amends, restates and supersedes Mr. Faga's previous employment agreement dated March 21, 2022), pursuant to which Mr. Faga served as AnaptysBio's President and Chief Executive Officer until April 20, 2026. The Faga Employment Agreement set forth the principal terms and conditions of his employment as AnaptysBio's President and Chief Executive Officer, including his initial annual base salary and initial annual target cash bonus opportunity, which bonus may be earned based upon the achievement of specified performance goals (and which will be prorated for his partial year of service).

In connection with the Spin-Off and effective April 20, 2026, Mr. Faga entered into the Faga Consulting Agreement and is engaged as a consultant to serve as President and Chief Executive Officer of the Company at least through January 15, 2027, pursuant to the Faga Consulting Agreement. Under the Faga Consulting Agreement, we agreed to pay Mr. Faga $100 per month in exchange for such consulting services. Mr. Faga's outstanding equity awards will continue vesting pursuant to their terms during his consultancy, and Mr. Faga remains eligible for accelerated vesting in the event he is terminated prior to January 15, 2027.

Mr. Murphy's Employment Agreement

Pursuant to a consulting agreement effective as of May 11, 2026 (the "Murphy Consulting Agreement"), Mr. Murphy serves as our Chief Financial Officer The Murphy Consulting Agreement sets forth the principal terms and conditions of his engagement, including his base consulting fee and an initial annual target cash bonus opportunity, which bonus may be earned based upon the achievement of specified performance goals. Mr. Murphy's consulting role is at will and could be terminated at any time. However, pursuant to the terms of the Murphy Consulting Agreement, Mr. Murphy would be entitled to certain benefits upon a termination of his consulting role as described in "*Potential Payments upon Termination or Change in Control*" below.

Dr. Lizzul's Employment Agreement

Pursuant to an employment agreement effective as of July 31, 2020, as amended and restated on April 25, 2022 (the "Lizzul Employment Agreement"), Dr. Lizzul served as AnaptysBio, Inc.'s Chief Medical Officer. The Lizzul Employment Agreement sets forth the principal terms and conditions of his employment, including his annual base salary, subject to periodic review and an initial annual target cash bonus opportunity, which bonus may be earned based upon the achievement of specified performance goals. Dr. Lizzul's employment was at will and could have been terminated at any time, with or without cause. However, pursuant to the terms of the Lizzul Employment Agreement, Dr. Lizzul would be entitled to severance benefits upon a qualifying termination of employment as described in "*—Potential Payments upon Termination or Change in Control*" below.

In connection with the Spin-Off, Dr. Lizzul has ceased to be our Chief Medical Officer, effective as of April 20, 2026.

Mr. Mulroy's Employment Agreement

Pursuant to an employment agreement effective as of July 13, 2020, as amended on April 25, 2022 (the "Mulroy Employment Agreement"), Mr. Mulroy served as our Chief Financial Officer. The Mulroy Employment Agreement set forth the principal terms and conditions of his employment, including his annual base salary, subject to periodic review and an initial annual target cash bonus opportunity, which bonus may be earned based upon the achievement of specified performance goals. Mr. Mulroy's employment was at will and could have been terminated at any time, with or without cause. However, pursuant to the terms of the Mulroy Employment Agreement, Mr. Mulroy would be entitled to severance benefits upon a qualifying termination of employment as described in "*—Potential Payments upon Termination or Change in Control*" below.

On March 26, 2026, we entered into the Mulroy Separation Agreement, conditioned upon and effective as of the Spin-Off on April 20, 2026. The Mulroy Separation Agreement provides that, among other things, the Mulroy Employment Agreement was terminated, and in exchange for executing a general release of claims in favor of the Company, Mr. Mulroy will receive a lump sum payment equal to nine months of base pay and reimbursement for his COBRA premiums for a period of nine months.

Potential Payments upon Termination or Change in Control

i. Termination

Pursuant to the Faga Employment Agreement, the Lizzul Employment Agreement and the Mulroy Employment Agreement, in the event that, prior to the Spin-Off, Mr. Faga, Dr. Lizzul or Mr. Mulroy was terminated without “cause” or resigns for “good reason” (each as defined in the applicable employment agreement), provided that each delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, (i) in the case of Mr. Faga, he will receive continued severance payments for twelve months, and in the case of Dr. Lizzul and Mr. Mulroy, nine months, (ii) and if each elects continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”), we will pay directly to the insurance provider of our group health plans, the monthly premium for such continuation coverage for each officer and his family, for twelve months, in the case of Mr. Faga, and nine months, in the case of Dr. Lizzul and Mr. Mulroy, or such earlier date on which coverage with a new employer is obtained and (iii) in the case of Mr. Faga, 12 months’ accelerated vesting of his equity awards (other than the 2024 PSUs, for which only 50% of Eligible PSUs shall vest).

ii. Change in Control

Pursuant to the Faga Employment Agreement, if we experienced a change of control prior to the Spin-Off and Mr. Faga was terminated without “cause” or resigns for “good reason” (each as defined in the Faga Employment Agreement) upon the occurrence of, or within 13 months following, such change of control, and provided that Mr. Faga delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, (i) Mr. Faga would receive the continued severance payments and COBRA premiums described above for 18 months, (ii) a bonus payment equal to his target bonus payment for the year, (iii) a prorated bonus based on actual achievement by the Company of goals for the year, and (iv) all of Mr. Faga’s outstanding equity awards will vest in full (other than the 2024 PSUs, for which the Board of Directors shall determine the number of Eligible PSUs based on the achievement of the share price targets on the date of the change of control and such Eligible PSUs shall fully vest).

Pursuant to each of the Lizzul Employment Agreement and the Mulroy Employment Agreement, if we experienced a change in control prior to the Spin-Off and Dr. Lizzul or Mr. Mulroy, as applicable, was terminated without “cause” or resigns for “good reason” (each as defined in each of the Lizzul Employment Agreement and the Mulroy Employment Agreement) upon the occurrence of, or within 13 months following, such change of control, and provided that Dr. Lizzul or Mr. Mulroy, as applicable, delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, (i) Dr. Lizzul or Mr. Mulroy, as applicable, will receive the severance payments and COBRA premiums described above for 12 months, (ii) Dr. Lizzul’s or Mr. Mulroy’s, as applicable, currently outstanding equity awards will vest in full (other than the 2024 PSUs, for which the Board of Directors shall determine the number of Eligible PSUs based on the achievement of the share price targets on the date of the change of control and such Eligible PSUs shall fully vest) and (iii) Dr. Lizzul or Mr. Mulroy, as applicable, will receive the full payment of his target bonus and a prorated payment of his actual bonus for the applicable year of termination.

Each of the Faga Employment Agreement, the Lizzul Employment Agreement and the Mulroy Employment Agreement contained a “better after-tax” provision, which provides that if any of the payments to Mr. Faga, Dr. Lizzul or Mr. Mulroy, respectively, constitutes a parachute payment under Section 280G of the Code, the payments will either be (i) reduced or (ii) provided in full to the executive, whichever results in the executive receiving the greater amount after taking into consideration the payment of all taxes, including the excise tax under Section 4999 of the Code, in each case based upon the highest marginal rate for the applicable tax.

As noted above in the section entitled “*Impact of the 2026 Spin-Off on Executive Officers and Executive Compensation Arrangements—Spin-Off Executive Officer Transitions*”, the employment agreements of our NEOs were terminated at the Spin-Off.

Executive Benefits

Our named executive officers are eligible to participate in our employee benefit plans on the same basis as our other employees, including our health and welfare plans.

Clawback Policy

In September 2023, our Board of Directors adopted a clawback policy providing for the recovery of all or any portion of an executive officer’s incentive-based compensation in the event that we restate our financial results in compliance with the final rules promulgated by the SEC under Section 954 of the Dodd-Frank Act, Rule 10D-1 and Nasdaq. The policy applies to our Chief Executive Officer, Chief Financial Officer, and other executive officers, including each of our named executive officers. The recovery period extends up to three most recently-completed fiscal years prior to the date of the restatement, with respect to incentive-based compensation granted or received after the effective date of the SEC rules.

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

EQUITY PLAN COMPENSATION INFORMATION

The following table presents information as of June 30, 2026 with respect to compensation plans under which shares of our common stock may be issued.

Plan category	Number of securities to be issued upon exercise of outstanding options, vesting of restricted stock units, warrants and rights(#) (a)	Weighted-average exercise price of outstanding options, restricted stock units, warrants and rights($) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a)) (#) (c)
Equity compensation plans approved by security holders (1)(2)	7,577,678	14.92	3,992,401
Equity compensation plans not approved by security holders	—	—	—
Total	7,577,678	14.92	3,992,401

(1) Includes our 2017 Equity Incentive Plan (the “2017 Plan”), and our ESPP, and excludes purchase rights accruing under our ESPP.
(2) We waived an automatic increase in shares under our ESPP for 2025 and 2026. The number of shares available under our ESPP will increase automatically by 1% on the first day of January of 2027 by the number of shares equal to 1% of the total outstanding shares of our common stock as of the immediately preceding December 31 or a lower number approved by our Board of Directors or compensation committee.

BENEFICIAL OWNERSHIP

The following table sets forth certain information with respect to the expected beneficial ownership of shares of our common stock as of June 30, 2026 for:

- each of our directors;
- each of our named executive officers;
- all of our current directors and executive officers as a group; and
- each person, or group of affiliated persons, who beneficially owned more than 5% of shares of our common stock.

We have determined beneficial ownership in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares of common stock that they beneficially owned, subject to applicable community property laws.

Applicable percentage ownership is based on 29,727,820 shares of common stock issued and outstanding as of June 30, 2026. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding all shares of common stock subject to options held by that person or entity that are currently exercisable or that will become exercisable within 60 days of June 30, 2026. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the address of each beneficial owner listed in the table on the following page is c/o AnaptysBio, Inc., 10770 Wateridge Circle, Suite 210, San Diego, CA 92121.

Beneficial Owner	Shares Beneficially Owned (#)	Shares Beneficially Owned (%)
Named Executive Officers and Directors		
Daniel Faga[(1)]	1,059,901	3.5%
Susannah Gray	—	*
Owen Hughes	—	*
Christopher M. Murphy	—	*
John Orwin [(2)]	68,145	*
Oleg Nodelman[(3)]	7,880,094	26.5%
Hollings Renton[(4)]	116,023	*
John P. Schmid[(5)]	142,680	*
Total Executive Officers and Directors as a Group (8 people)[(6)]	**9,266,843**	31.1%
5% Stockholders		
EcoR1 Capital LLC[(7)]	7,880,094	26.5%
BlackRock, Inc.[(8)]	1,900,844	6.4%
Sirenia Capital Management LP[(9)]	1,491,959	5.0%

* Represents beneficial ownership of less than one percent.

(1) Consists of (a) 496,684 shares of common stock held directly by Mr. Faga and (b) 563,217 shares of common stock issuable to Mr. Faga upon the exercise of stock options that are exercisable or restricted stock units that are vesting within 60 days of June 30, 2026.

(2) Consists of (a) 16,695 shares of common stock held directly by Mr. Orwin and (b) 51,450 shares of common stock issuable to Mr. Orwin upon the exercise of stock options that are exercisable within 60 days of June 30, 2026.

(3) Consists of the shares of common stock described in footnote 7 below. Mr. Nodelman joined our Board of Directors in April 2021, and disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein.

(4) Consists of (a) 10,995 shares of commons stock held directly by Mr. Renton and (b) 105,028 shares of common stock issuable to Mr. Renton upon the exercise of stock options that are exercisable within 60 days of June 30, 2026.

(5) Consists of (a) 37,652 shares of common stock held directly by Mr. Schmid and (b) 105,028 shares of common stock issuable to Mr. Schmid upon the exercise of stock options that are exercisable within 60 days of June 30, 2026.

(6) Includes shares beneficially owned by our executive officers and directors. Consists of (a) 8,442,120 shares of common stock and (b) 824,723 shares of common stock issuable upon the exercise of stock options that are exercisable within 60 days of June 30, 2026.

(7) Consists of 7,880,094 shares of common stock held directly by EcoR1 Capital Fund Qualified, L.P. Each of EcoR1 Capital Fund Qualified, L.P., EcoR1 Capital, LLC and Mr. Nodelman have shared voting and dispositive power over such shares. The address of each of EcoR1 Capital Fund Qualified, L.P., EcoR1 Capital, LLC and Mr. Nodelman is 357 Tehama Street #3, San Francisco, California 94103.

(8) Based on a Schedule 13-G filed by BlackRock, Inc. ("BlackRock") on April 17, 2025. Based on 1,900,844 shares of common stock of AnaptysBio, Inc. held by certain business units of BlackRock. BlackRock's address is 50 Hudson Yards, New York, NY 10001.

(9) Based on a Schedule 13-G filed by Sirenia Capital Management LP ("Sirenia") on August 14, 2026.

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

From January 1, 2024 to the present, there have been no transactions, and there are currently no proposed transactions, in which the amount involved exceeds the lesser of (i) $120,000 or (ii) 1% of the average of the Company's total assets at year-end for the prior two completed fiscal years and to which we or any of our subsidiaries was (or is to be) a party and in which any director, director nominee, executive officer, holder of more than 5% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals, had (or will have) a direct or indirect material interest, except for payments set forth under "Executive Compensation" above.

Policies and Procedures for Related Party Transactions

We adopted a written related person transactions policy providing that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of our common stock, and any members of the immediate family of and any entity affiliated with any of the foregoing persons, are not permitted to enter into a transaction with us in which the amount involved exceeds (i) $120,000 or (ii) 1% of the average of the Company's total assets at year-end for the prior two completed fiscal years without the review and approval of our audit committee, or a committee composed solely of independent directors in the event it is inappropriate for our audit committee to review such transaction due to a conflict of interest. In approving or rejecting any such proposal, our audit committee will consider the relevant facts and circumstances available and deemed relevant to the audit committee, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction.

Director Independence

Our common stock is listed on Nasdaq. Under Nasdaq rules, independent directors must comprise a majority of a listed company's Board of Directors. In addition, Nasdaq rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent. Under Nasdaq rules, a director will only qualify as an "independent director" if, in the opinion of that company's Board of Directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the Board of Directors or any other board committee: (i) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries; or (ii) be an affiliated person of the listed company or any of its subsidiaries. Additionally, compensation committee members must not have a relationship with the listed company that is material to the director's ability to be independent from management in connection with the duties of a compensation committee member.

Our Board of Directors has undertaken a review of the independence of each director and considered whether each director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our Board of Directors determined that Hollings Renton, John P. Schmid, John Orwin, Oleg Nodelman, Susannah Gray and Owen Hughes, representing six of our seven directors, are "independent directors" as defined under the applicable rules and regulations of the SEC, and the listing requirements and rules of Nasdaq. Mr. Faga is not independent given his role as our President and Chief Executive Officer. In making these determinations, our Board of Directors reviewed and discussed information provided by the directors and us with regard to each director's business and personal activities and relationships as they may relate to us and our management, including the beneficial ownership of our capital stock by each non-employee director and the transactions involving them described in the section entitled "*Certain Relationships and Related Transactions, and Director Independence*."

Item 14. Principal Accounting Fees and Services

Our audit committee has selected KPMG LLP as our principal independent registered public accounting firm to perform the audit of our consolidated financial statements for the fiscal year ending June 30, 2026. KPMG LLP audited our financial statements for the fiscal years ended December 31, 2025 and 2024.

The following table presents fees for services rendered by KPMG LLP for the six months ended June 30, 2026 and years ended December 31, 2025 and 2024 (in thousands).

Fees Billed to AnaptysBio, Inc.	Six months ended June 30, 2026	Fiscal Year 2025	Fiscal Year 2024
Audit fees[1]	$ 775	$ 610	$ 867
Other audit fees [2]	—	1,327	—
Tax fees[3]	465	392	150
Total fees	$ 1,240	$ 2,329	$ 1,017

(1) "*Audit fees*" include fees for professional services provided by KPMG LLP in connection with the audit of our consolidated financial statements, review of our quarterly consolidated financial statements, and related services that are typically provided in connection with registration statements, including filing of our S-3 registration statement.

(2) "*Other audit fees*" include fees for services provided by KPMG LLP in connection with the audit requirements for the business separation of First Tracks Biotherapeutics Inc.

(3) "*Tax fees*" include fees related to tax compliance and advice. Tax advice fees encompass a variety of permissible services, including technical tax advice related to federal and state income tax matters; and assistance with tax audits.

The audit committee must pre-approve all services to be performed for us by KPMG LLP. Pre-approval is granted usually at regularly scheduled meetings of the audit committee. The audit committee also may approve the additional unanticipated services by either convening a special meeting of the audit committee or acting by unanimous written consent. During the six months ended June 30, 2026, all services billed by KPMG LLP were pre-approved by the audit committee in accordance with this policy.

These services may include audit services, audit-related services, tax services and other services. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. Our audit committee may also pre-approve particular services on a case-by-case basis. All of the services relating to the fees described in the table above were approved by our audit committee.

PART IV

Item 15. Exhibits, Consolidated Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements

   See Index to Consolidated Financial Statements under Part II, Item 8 herein.

2. Consolidated Financial Statement Schedules

   No consolidated financial statement schedules are provided because the information called for is not required or is shown either in the consolidated financial statements or notes thereto.

3. Exhibits

EXHIBIT INDEX

		Incorporated by reference				
Exhibit Number	**Description of Document**	**Form**	**File No.**	**Exhibit**	**Filing Date**	**Filed Herewith**
3.1	Amended and Restated Certificate of Incorporation, as currently in effect.	10-Q	001-37985	10.26	August 7, 2023	
3.2	Restated Bylaws, as currently in effect.	8-K	001-37985	3.1	February 10, 2023	
4.1	Form of Common Stock Certificate.	S-1	333-206849	4.1	December 23, 2015	
4.2	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934	10-K	001-37985	4.3	March 2, 2020	
10.1*	Form of Indemnity Agreement.	S-1	333-206849	10.1	September 9, 2015	
10.2*	Amended and Restated 2017 Equity Incentive Plan.	8-K	001-37985	10.1	June 17, 2025	
10.3*	2017 Employee Stock Purchase Plan, and forms of award agreements.	S-1	333-206849	10.4	January 17, 2017	
10.4+	Collaboration and Exclusive License Agreement, dated March 10, 2014, by and among the Registrant, TESARO, Inc. and TESARO Development, Ltd., as amended.	S-1	333-206849	10.10	May 10, 2016	
10.5	Wateridge Lease Agreement.	10-Q	001-37985	10.16	May 6, 2020	
10.6*	Amended and Restated Employment Agreement, effective May 8, 2023, by and between the Registrant and Eric Loumeau	10-Q	001-37985	10.25	May 11, 2023	
10.7*	Amended and Restated Employment Agreement, effective April 25, 2022, by and between Registrant and Paul Lizzul	8-K	001-37985	10.1	April 29, 2022	
10.8++	Amendment No. 3 to the Collaboration and Exclusive License Agreement	10-K	001-37985	10.16	February 25, 2021	
10.9++	Confidential Settlement and Modification Agreement dated as of October 23, 2020	10-K	001-37985	10.18	February 25, 2021	
10.10	First Amendment to Lease Agreement	10-Q	001-37985	10.19	August 9, 2021	
10.11‡++	Royalty Purchase Agreement, dated October 25, 2021, by and between the Registrant and Sagard Healthcare Royalty Partners, LP	8-K	001-37985	2.1	December 1, 2021	
10.12	Amendment No. 4 to Tesaro AnaptysBio Collaboration	10-K	001-37985	10.19	March 7, 2022	
10.13*	Amended and Restated Employment Agreement, effective August 4, 2023, by and between the Registrant and Daniel Faga	10-Q	001-37985	10.27	November 2, 2023	
10.14‡++	Purchase and Sale Agreement, dated September 9, 2022, by and between the Registrant and DRI Healthcare Acquisitions L.P.	10-Q	001-37985	10.23	November 8, 2022	

		Incorporated by reference				
Exhibit Number	Description of Document	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.15‡++	License Agreement, dated November 24, 2023, by and between the Registrant and Centessa Pharmaceuticals (UK) Limited	10-K	001-37985	10.18	March 11, 2024	
10.16‡++	Amendment No. 5 to Tesaro AnaptysBio Collaboration	10-K	001-37985	10.19	March 11, 2024	
10.17‡	Amendment No. 1 to License Agreement, dated April 9, 2024, by and between the Registrant and Centessa Pharmaceuticals (UK) Limited	10-Q	001-37985	10.28	May 9, 2024	
10.18‡++	Agreement and Amendment No. 1 to the Royalty Purchase Agreement, dated May 8, 2024 by and between the Registrant and Sagard Healthcare Partners Funding Borrower SPE 2, LP	10-Q	001-37985	10.29	August 5, 2024	
10.19*	Amended and Restated Employment Agreement, effective April 25, 2022, by and between the Registrant and Dennis Mulroy	10-K	001-37985	10.21	February 27, 2025	
10.20	Exclusive License Agreement, dated January 31, 2025, by and between the Company and Vanda Pharmaceuticals Inc.	10-Q	001-37985	10.22	May 5, 2025	
10.21+	Amendment No. 6 to the Collaboration and Exclusive License Agreement	10-Q	001-37985	10.1	May 12, 2026	
10.22*++‡	Consulting Agreement, effective April 20, 2026, by and between the Registrant and Daniel Faga	10-Q	001-37985	10.2	May 12, 2026	
10.23++‡	Separation Agreement, effective March 26, 2026, by and between the Registrant and Dennis Mulroy	10-Q	001-37985	10.3	May 12, 2026	
10.24++‡	Separation Agreement, effective March 26, 2026, by and between the Registrant and Eric Loumeau	10-Q	001-37985	10.4	May 12, 2026	
10.25*	Amendment No. 1 to Amended and Restated 2017 Equity Incentive Plan	8-K	001-37985	10.1	August 11, 2026	
10.26*	Consulting Agreement, effective May 11, 2026, by and between the Registrant and Christopher M. Murphy					X
10.27	Wateridge Sublease Agreement					X
19.1‡	Insider Trading Policy	10-K	001-37985	19.1	February 27, 2025	
23.1	Consent of KPMG LLP, an independent registered public accounting firm.					X
24.1	Power of Attorney					X
31.1	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1**	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2**	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
97	Compensation Recovery Policy.	10-K	001-37985	97	March 11, 2024	

Exhibit Number	Description of Document	Incorporated by reference Form	File No.	Exhibit	Filing Date	Filed Herewith
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Link base Documents					
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					

* Executive compensation plan or agreement.

** This certification is deemed not filed for purpose of section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

+ Registrant has omitted and filed separately with the SEC portions of the exhibit pursuant to a confidential treatment request under Rule 406 promulgated under the Securities Act.

++ Certain portions of this exhibit have been omitted by means of marking such portions with asterisks because the Registrant has determined that the information is not material and is the type that the Registrant treats as private or confidential.

‡ Exhibits and schedules to this agreement have been omitted pursuant to the rules of the SEC. The Registrant will submit copies of such exhibits and schedules to the SEC upon request.

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**.**

Date: September 21, 2026

AnaptysBio, Inc.

By: /s/ Daniel Faga
Daniel Faga
President and Chief Executive Officer

POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes and appoints Daniel Faga and Christopher M. Murphy, 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-KT 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.

Signature	Title	Date
/s/ Daniel Faga Daniel Faga	President, Chief Executive Officer and Director *(Principal Executive Officer)*	September 21, 2026
/s/ Christopher M. Murphy Christopher M. Murphy	Chief Financial Officer *(Principal Accounting and Financial Officer)*	September 21, 2026
/s/ Susannah Gray Susannah Gray	Director	September 21, 2026
/s/ Owen Hughes Owen Hughes	Director	September 21, 2026
/s/ Oleg Nodelman Oleg Nodelman	Director	September 21, 2026
/s/John Orwin John Orwin	Director	September 21, 2026
/s/ Hollings Renton Hollings Renton	Director	September 21, 2026
/s/ John Schmid John Schmid	Director	September 21, 2026

Exhibit 10.26

CONSULTING AGREEMENT

This Consulting Agreement ("***Agreement***") is entered into as of May 11, 2026, (the "***Effective Date***"), between AnaptysBio, Inc., a Delaware corporation having its principal place of business in San Diego, California ("***Company***" or "***Anaptys***"), and Chris Murphy, an individual whose address is Rancho Santa Fe, California 92067 ("***Consultant***", and collectively with the Company, the "***Parties***").

WHEREAS, Consultant has agreed to provide consulting services to the Company following on the terms and conditions set forth in this Agreement;

NOW, **THEREFORE**, in consideration of the foregoing recitals and the mutual agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows with respect to the services to be rendered by the Consultant:

1. Statement of Work. Company and Consultant have executed (or will execute) one or more statements of work, substantially in the form attached hereto as Exhibit A, that describe the specific services to be performed by Consultant (each, as executed, the "***Statement of Work***"). The Statement of Work will expressly refer to, form a part of, and be subject to the terms and conditions contained herein.

2. Performance of Services. Consultant will perform the services described in the Statement of Work (the "***Services***") in accordance with its terms and this Agreement. Consultant represents and warrants that Services will be performed in a thorough and professional manner, consistent with high professional and industry standards by individuals with the requisite training, background, experience, technical knowledge, and skills to perform Services.

3. Compensation; Expenses. Consultant will be compensated for Services in accordance with the terms of the Statement of Work. Unless otherwise specified in the Statement of Work, Company will not reimburse Consultant for any costs or expenses incurred by Consultant in connection with performing Services.

4. Independent Contractor. Consultant is an independent contractor and nothing in this Agreement will be construed as establishing an employment or agency relationship between Company and Consultant. Consultant has no authority to bind Company by contract or otherwise. Consultant will perform Services under the general direction of Company, but Consultant will determine, in Consultant's sole discretion, the manner and means by which Services are accomplished, subject to the requirement that Consultant will at all times comply with applicable law. Consultant acknowledges that Company will not carry any liability insurance on behalf of Consultant.

5. Taxes and Employee Benefits. Consultant will (a) report to all applicable government agencies as income all compensation received by Consultant pursuant to this Agreement; (b) remit all applicable taxes due and owing on such compensation; (c) otherwise comply fully with all applicable tax laws. With respect to any personnel engaged by Consultant as employees to perform Services, Consultant will be solely responsible for payment of all

withholding taxes, social security, workers' compensation, unemployment and disability insurance or similar items required by any government agency. Consultant will not be entitled to any benefits paid or made available by Company to its employees. Consultant will indemnify and hold Company harmless from and against all damages, liabilities, losses, penalties, fines, expenses and costs (including reasonable fees and expenses of attorneys and other professionals) arising out of or relating to any obligation imposed by law on Company to pay any withholding taxes or similar items in connection with compensation received by Consultant pursuant to this Agreement. Consultant acknowledges that Consultant will be eligible for, and the Company will carry, liability insurance on behalf of Consultant.

6. Disclosure of Work Product. Consultant will, as an integral part of the performance of Services, disclose in writing to Company all inventions, products, designs, drawings, notes, documents, information, documentation, improvements, works of authorship, processes, techniques, know-how, algorithms, specifications, biological or chemical specimens or samples, hardware, circuits, computer programs, databases, user interfaces, encoding techniques, and other materials of any kind that Consultant may make, conceive, develop or reduce to practice, alone or jointly with others, in connection with performing Services, or that result from or that are related to such Services, whether or not they are eligible for patent, copyright, mask work, trade secret, trademark or other legal protection (collectively, "***Consultant Work Product***").

7. Ownership of Consultant Work Product. Consultant agrees that all Consultant Work Product will be the sole and exclusive property of Company. Consultant hereby irrevocably transfers and assigns to Company, and agrees to irrevocably transfer and assign to Company, all right, title and interest in and to the Consultant Work Product, including all worldwide patent rights (including patent applications and disclosures), copyright rights, mask work rights, trade secret rights, know-how, and any and all other intellectual property or proprietary rights (collectively, "***Intellectual Property Rights***") therein. At Company's request and expense, during and after the term of this Agreement, Consultant will assist and cooperate with Company in all respects and will execute documents and will take such further acts reasonably requested by Company to enable Company to acquire, transfer, maintain, perfect and enforce its Intellectual Property Rights and other legal protections for the Consultant Work Product. Consultant hereby appoints the officers of Company as Consultant's attorney-in-fact to execute documents on behalf of Consultant for this limited purpose.

8. Moral Rights. To the fullest extent permitted by applicable law, Consultant also hereby irrevocably transfers and assigns to Company, and waives and agrees never to assert, any and all Moral Rights (as defined below) that Consultant may have in or with respect to any Consultant Work Product, during and after the term of this Agreement. "***Moral Rights***" mean any rights to claim authorship of a work, to object to or prevent the modification or destruction of a work, to withdraw from circulation or control the publication or distribution of a work, and any similar right, existing under judicial or statutory law of any country in the world, or under any treaty, regardless of whether or not such right is called or generally referred to as a "moral right."

9. Related Rights. To the extent that Consultant owns or controls (presently or in the future) any patent rights, copyright rights, mask work rights, trade secret rights, or any other intellectual property or proprietary rights that may block or interfere with, or may otherwise be required for, the exercise by Company of the rights assigned to Company under this Agreement

(collectively, "***Related Rights***"), Consultant hereby grants or will cause to be granted to Company a non-exclusive, royalty-free, irrevocable, perpetual, transferable, worldwide license (with the right to sublicense) to make, have made, use, offer to sell, sell, import, copy, modify, create derivative works based upon, distribute, sublicense, display, perform and transmit any products, software, hardware, methods or materials of any kind that are covered by such Related Rights, to the extent necessary to enable Company to exercise all of the rights assigned to Company under this Agreement.

10.Confidential Information. For purposes of this Agreement, "***Confidential Information***" means and will include: (a) any information, materials or knowledge regarding Company and its business, financial condition, products, programming techniques, customers, suppliers, technology or research and development that is disclosed to Consultant or to which Consultant has access in connection with performing Services; (b) the Consultant Work Product; and (c) the terms and conditions of this Agreement. Confidential Information will not include any information that: (i) is or becomes part of the public domain through no fault of Consultant; (ii) was rightfully in Consultant's possession at the time of disclosure, without restriction as to use or disclosure; or (iii) Consultant rightfully receives from a third party who has the right to disclose it and who provides it without restriction as to use or disclosure. At all times, both during the term of this Agreement and after its termination, and to the fullest extent permitted by law, Consultant agrees to hold all Confidential Information in strict confidence, not to use it in any way, commercially or otherwise, except in performing Services, and not to disclose it to others. Consultant further agrees to take all actions reasonably necessary to protect the confidentiality of all Confidential Information including, without limitation, implementing and enforcing procedures to minimize the possibility of unauthorized use or disclosure of Confidential Information. Nothing in this section or otherwise in this Agreement shall limit or restrict in any way Consultant's immunity from liability for disclosing Company's trade secrets as specifically permitted by 18 U.S. Code Section 1833, the pertinent provisions of which are attached hereto as Exhibit B.

11.No Pre-existing Obligations; Non-infringement. Consultant represents and warrants that Consultant has no pre-existing obligations or commitments (and will not assume or otherwise undertake any obligations or commitments) that would be in conflict or inconsistent with or that would hinder Consultant's performance of its obligations under this Agreement. Consultant agrees to inform Company promptly and in writing if any such conflict arises. Moreover, Consultant represents and warrants that the Consultant Work Product will not infringe, misappropriate or violate the rights of any third party, including, without limitation, any Intellectual Property Rights or any rights of privacy or rights of publicity, except to the extent any portion of the Consultant Work Product is created, developed or supplied by Company or by a third party on behalf of Company.

12.Competitive Activities. During the term of this Agreement, Consultant will not, directly or indirectly, in any individual or representative capacity, engage or participate in or provide services to any business that is competitive with the types and kinds of actual or reasonably anticipated business of Company.

13.Non-Solicitation of Personnel. During the term of this Agreement and for a period of one (1) year thereafter, Consultant will not directly or indirectly solicit the services of any

Company employee or consultant for Consultant’s own benefit or for the benefit of any other person or entity.

14.Indemnity. Consultant will defend, indemnify and hold Company harmless from and against all claims, damages, liabilities, losses, expenses and costs (including reasonable fees and expenses of attorneys and other professionals) arising out of or resulting from any action by a third party against Company that is based on: (a) a claim that any Services (including any Consultant Work Product), or Company’s use thereof, infringe, misappropriate or violate such third party’s Intellectual Property Rights; or (b) any act or omission of Consultant that results in: (i) personal injury (or death) or tangible or intangible property damage (including loss of use); or (ii) the violation of any statute, regulation or ordinance.

15.Term; Termination. This Agreement will commence on the Effective Date and, unless terminated earlier in accordance with its terms, will remain in effect until April 30, 2028. Notwithstanding the foregoing, the Parties may mutually agree in writing, signed by both Parties, to extend the term of this Agreement. Either party may terminate this Agreement (including the Statement of Work) at any time, for any reason or no reason, effective as of the date notice is delivered in accordance with the Notice section; provided, however, that if the Consultant terminates this Agreement, the Consultant shall provide at least thirty (30) days’ prior written notice. Upon the expiration or termination of this Agreement for any reason, Consultant will promptly deliver to Company all Consultant Work Product, including all work in progress on any Consultant Work Product not previously delivered to Company, if any; and will promptly deliver to Company all Confidential Information in Consultant’s possession or control.

16.LIMITATION OF LIABILITY. IN NO EVENT WILL COMPANY BE LIABLE FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES OF ANY KIND IN CONNECTION WITH THIS AGREEMENT, EVEN IF COMPANY HAS BEEN INFORMED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES.

17.Arbitration and Class and Collective Action Waiver.

(a) To the fullest extent permitted by law, Consultant and Company agree to submit to mandatory binding arbitration, pursuant to and governed by the Federal Arbitration Act (the “***FAA***”), any and all claims that (i) Consultant may have against Company and its directors, officers, owners, employees, agents, successors and assigns, and (ii) Company may have against Consultant, arising out of or related to this Agreement or Consultant’s Services to Company and the termination thereof, including claims under any federal, state or local ordinance, statute, regulation or constitutional provision, and, if Consultant is a California resident, individual claims under the California Private Attorneys General Act (California Labor Code Section 2698, *et seq*.) (collectively, “***Arbitrable Claims***”). Further, to the fullest extent permitted by law, Consultant and Company agree that no class or collective actions can be asserted in arbitration, court or any other forum. All claims must be brought solely in Consultant’s or Company’s individual capacity, and not as a plaintiff or class member in any purported class or collective proceeding.

(b) Notwithstanding the foregoing, nothing in this arbitration provision restricts a party’s right to seek injunctive or other provisional relief in court, where permitted by applicable law, including, but not limited to, in connection with violations of restrictive covenants and/or the misappropriation of a party's private, proprietary, confidential or trade secret information.

SUBJECT TO THE ABOVE, THE PARTIES HEREBY WAIVE ANY RIGHTS THEY MAY HAVE TO TRIAL BY JURY IN REGARD TO ARBITRABLE CLAIMS. THE PARTIES FURTHER WAIVE ANY RIGHTS THEY MAY HAVE TO PURSUE OR PARTICIPATE IN A CLASS OR COLLECTIVE ACTION PERTAINING TO ANY CLAIMS BETWEEN CONSULTANT AND COMPANY.

(c) The arbitration shall be conducted through JAMS before a single neutral arbitrator, in accordance with the JAMS comprehensive arbitration rules then in effect, provided however, that the FAA, including its procedural provisions for compelling arbitration, shall govern and apply to this arbitration provision. The JAMS rules may be found at https://www.jamsadr.com/rules-comprehensive-arbitration/. If Consultant is unable to access these rules, upon request, a hardcopy will be provided by Company to Consultant. Unless the parties agree otherwise, or as otherwise required by applicable law, the arbitration hearing shall take place in California. This arbitration provision is governed by and will be construed in accordance with the FAA, and it shall only apply to claims that are subject to mandatory binding arbitration under applicable law. If, for any reason, any term of this arbitration provision is held to be invalid or unenforceable, all other valid terms and conditions herein shall be severable in nature and remain fully enforceable.

18.Governing Law; Attorneys' Fees. This Agreement shall be construed in accordance with and governed by the law of the State of California, without giving effect to any principles of conflict of laws that would lead to the application of the laws of another jurisdiction. If any provision of this Agreement is invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible, given the fundamental intentions of the parties when entering into this Agreement. To the extent such provision cannot be so enforced, it will be stricken from this Agreement and the remainder of this Agreement will be enforced as if such invalid, illegal or unenforceable provision had never been contained in this Agreement. If any action is necessary to enforce the terms of this Agreement, the substantially prevailing party will be entitled to reasonable attorneys' fees, costs and expenses in addition to any other relief to which such prevailing party may be entitled.

19.Notices. All notices required or permitted under this Agreement will be in writing, will reference this Agreement, and will be deemed given: (a) when delivered personally; (b) when sent via e-mail; (c) one (1) business day after deposit with a nationally-recognized express courier, with written confirmation of receipt; or (d) three (3) business days after having been sent by registered or certified mail, return receipt requested, postage prepaid. All such notices will be sent to the addresses set forth above or to such other address as may be specified by either party to the other party in accordance with this Section.

20.Other Terms. The failure by either party to enforce any provision of this Agreement will not constitute a waiver of future enforcement of that or any other provision. This Agreement, together with the Statement of Work, constitutes the complete and exclusive understanding and agreement of the parties with respect to its subject matter and supersedes all prior understandings and agreements, whether written or oral, with respect to its subject matter. In the event of a conflict, the terms and conditions of the Statement of Work will take precedence over the terms and conditions of this Agreement. Any waiver, modification, or amendment of any provision of this Agreement will be effective only if in writing and signed by the parties hereto. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

AGREED AND CONSENTED TO:

COMPANY:	**CONSULTANT:**
By:	By:
Name: Dan Faga	Name: Chris Murphy
Title:	Title:
Date:	Date:

EXHIBIT A

STATEMENT OF WORK

This Statement of Work is issued under and subject to all of the terms and conditions of the Consulting Agreement dated as of May 11, 2026, between AnaptysBio, Inc. ("***Company***") and Chris Murphy ("***Consultant***" and, together with the Company, the "***Parties***").

1. **Description of Services**

Consultant will provide services as the Chief Financial Officer ("CFO") and Principal Financial Officer to the Company (the "***Services***"). Such Services will include all actions and duties necessary or advisable to manage and conduct the business of the Company and that are customarily associated with the position of CFO. Consultant will also perform any additional services reasonably requested by the Company's CEO or its Board of Directors (the "***Board***").

2. **Compensation**

Consultant Fees: The Company agrees to pay Consultant $42,916.66 per month for the Services provided hereunder. Consultant will invoice the Company on a monthly basis for all fees and expenses payable to Consultant, with each invoice to be submitted no later than the last day of the applicable month in which the Services were performed. The Company will pay the full amount of each undisputed invoice within thirty (30) days following its receipt. In the event of a disputed invoice, the Parties shall use good faith and reasonable efforts to resolve the dispute promptly.

Consultant Bonus: At the sole discretion of the Board, following each fiscal year in which the Consultant provides Services to the Company, the Consultant shall be eligible to receive a discretionary cash bonus of up to forty percent (40%) of the Consultant's total annual consulting fees (the "***Bonus***"). The amount of any Bonus that will be paid for such year (if any), shall be determined by the Board in its sole and absolute discretion. The Bonus (if any) shall be prorated for any partial year that Consultant is providing Services to the Company on the basis of a 365-day fiscal year. To be eligible to earn or receive any Bonus, Consultant must be a service-provider to the Company through and including the last day of the fiscal year to which the Bonus relates, and in all events, the Bonus shall be paid no later than March 15th following the close of the applicable fiscal year.

Health Benefits Payment: The Company agrees to pay you the gross amount of $12,600 every six months from the Effective Date, provided Consultant continues to provide services to the Company on each payment date. These payments may be used to cover health insurance premiums. Notwithstanding the foregoing, if the Company offers the Consultant health coverage under any Company health insurance plan, these payments will cease as of the effective date of such coverage.

Equity Awards: As soon as practicable following the Effective Date (as defined in the Consulting Agreement), subject to the approval of the Board, Consultant will be granted equity awards with a total value of $1,750,000, consisting of restricted stock units ("RSUs"), pursuant to the terms of the Company's 2026 Equity Incentive Plan, as amended from time to time (the “Plan”) (the "Award”). The number of shares subject to such equity awards shall be determined based on the value of the Company's Common Stock following the spin-off (the "Post-Spin Value”). The RSUs shall be subject to vesting such that, subject to Consultant's continued engagement with the Company under this Consulting Agreement, 1/4 of the RSUs shall vest as of the first anniversary of the Effective Date and 1/4th of the RSUs shall vest in equal annual installments on the annual anniversary of the Effective Date for the 3 years thereafter. For the avoidance of doubt, the Award shall provide Consultant with dividend equivalent rights (payable as the Award vests). The RSUs will be governed by the Plan and shall be granted pursuant to separate grant notices and award agreements. In addition, provided that Consultant continues to provide services to the Company under this Consulting Agreement as of the one-year, May 11, 2027 anniversary of the Effective Date, and subject to approval by the Board, the Company may, in its sole discretion, grant the Consultant additional annual refresh grants of equity awards. The terms and conditions of such refresh grant will be set forth in the applicable grant documents.

Termination by Company without Cause Not In Connection with a Corporate Transaction. If the Company terminates this Agreement without Cause (as defined herein) at any time other than upon the occurrence of, or within the 13 months immediately following, the effective date of a Corporate Transaction (as defined in the Plan), the Company shall pay Consultant pro-rated monthly fees through the date on which this Agreement is terminated. In addition, if the Consultant furnishes to the Company an executed waiver and release of claims in the form specified by the Company (the “Release”) within the time period specified therein, but in no event later than forty five (45) days following the termination of this Agreement, and if Consultant allows such Release to become effective in accordance with its terms, then Consultant shall be entitled to (a) continuation of consulting fees, at the rate described herein, for a period of nine (9) months following the termination date (the “Severance”). The Company shall thereafter have no further obligations to Consultant under this Agreement, except as otherwise provided by law.

Termination by Company without Cause in Connection with a Corporate Transaction. If the Company terminates this Agreement without Cause (as defined herein) upon the occurrence of, or within thirteen (13) months immediately following, the effective date of a Corporate Transaction (as defined in the Plan), the Company shall pay Consultant pro-rated monthly fees through the date on which this Agreement is terminated. In addition, the Company shall provide the Consultant with the following: (a) continuation of consulting fees, at the rate described herein, for a period of twelve (12) months following the termination date; (b) a lump-sum cash amount equal to (x) the Bonus plus (y) an amount equal to the product of (A) the Bonus, calculated based upon actual achievement of Performance Goals as determined by the Board, multiplied by (B) the quotient of (i) the number of days elapsed in such fiscal year through the effective date of Consultant’s termination divided by (ii) 365, and (c) accelerated vesting of all unvested Company equity awards (including any then-unvested portion of the Award), such that the Consultant shall become vested in one hundred percent (100%) of the shares subject to all such equity awards (collectively, the “CIC Severance”). Notwithstanding the foregoing, the Consultant shall be entitled to the CIC Severance only if the Consultant executes and delivers to the Company a release of claims, in a form provided by the Company, within the time period specified therein (and in any event no later than forty-five (45) days following the termination of this Agreement) and allows such release to become effective in accordance with its terms. Upon the Company’s satisfaction of its obligations under this Section, the Company shall have no further obligations to the Consultant under this Agreement, except as otherwise required by applicable law.

“Cause” shall mean the occurrence of any one or more of the following: (i) Consultant's commission of any felony crime involving fraud, dishonesty or moral turpitude; (ii) Consultant's attempted commission of or participation in a fraud or act of dishonesty against the Company that results in (or might have reasonably resulted in) material harm to the business of the Company; (iii) Consultant's intentional, material violation of (A) any material written contract between Consultant and the Company or (B) any statutory duty Consultant owes to the Company; (iv) Consultant's act or omission resulting in a material violation of the Company’s Code of Business Conduct and Ethics, Insider Trading Policy or other written policy of the Company applicable to the Consultant and of which Consultant has been made aware; or (v) Consultant's conduct that constitutes gross insubordination, incompetence or habitual neglect of duties and that results in material harm to the business of the Company; provided, however, that the actions or conduct described in clauses (iii) and (iv) above shall constitute “Cause” only if such actions or conduct continue after the Company has provided the Consultant with written notice thereof and a period of thirty (30) days to cure or otherwise remedy the situation to the extent it is within the Consultant’s direct control. An occurrence of “Cause” as set forth in the preceding sentence shall be based upon a good faith determination by the Board

3. **Expenses**

Company will, in accordance with applicable Company policies and guidelines, reimburse Consultant for all reasonable and necessary costs or expenses incurred by Consultant in connection with performing Services.

AGREED AS OF April 27,2026

COMPANY:	**CONSULTANT:**
By: /s/ Daniel Faga	By: /s/ Chris Murphy
Name: Dan Faga	Name: Chris Murphy
Title: CEO	Title: CFO
Date: 27 April 2026	Date: 27 April 2026

EXHIBIT B

DEFEND TRADE SECRETS ACT, 18 U.S. CODE § 1833 NOTICE:

18 U.S. Code Section 1833 provides as follows:

Immunity From Liability For Confidential Disclosure Of A Trade Secret To The Government Or In A Court Filing. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made, (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

Use of Trade Secret Information in Anti-Retaliation Lawsuit. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

Exhibit 10.27

SUBLEASE AGREEMENT

This Sublease Agreement ("***Sublease***") is dated as of June 15, 2026 (the "***Effective Date***"), by and between ANAPTYSBIO, INC., a Delaware corporation ("***Sublandlord***"), and FIRST TRACKS BIOTHERAPEUTICS, INC., a Delaware corporation, ("***Subtenant***").

RECITALS

A. Sublandlord currently leases certain premises from WATERIDGE PROPERTY OWNER, LP, a Delaware limited partnership (the "***Master Landlord***"), pursuant to the terms and conditions of that certain Lease dated May 4, 2020, as amended by that certain First Amendment to Lease Agreement, dated April 5, 2021 (as so amended, the "***Master Lease***"). Pursuant to the Master Lease, Sublandlord currently leases from Master Landlord approximately 45,057 rentable square feet of space (the "***Premises***") located in that certain building located in 10770 Wateridge Circle, San Diego, CA 92121 (the "***Building***"), as more specifically described in the Lease. Sublandlord represents that a true, correct and complete copy of the Master Lease is attached hereto as Exhibit A. All terms capitalized but undefined herein shall have the meanings ascribed to them in the Master Lease.

B. The Term of the Master Lease is scheduled to expire by its terms on August 31, 2031 ("***Lease Expiration Date***").

CB. Sublandlord desires to sublease the Premises to Subtenant and Subtenant desires to sublease the Premises from Sublandlord pursuant to the terms and conditions of this Sublease.

AGREEMENT

Now, Therefore, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Sublandlord and Subtenant hereby agree as follows:

1. Sublease Premises. Sublandlord hereby subleases to Subtenant the Premises, and Subtenant hereby subleases the Premises from Sublandlord, pursuant to the terms and conditions of this Sublease. Subtenant shall accept the Premises in the condition and state of repair on the "Sublease Commencement Date" (defined below) it its "AS IS" and "WHERE IS" condition. Except as otherwise provided in this Sublease, Subtenant expressly acknowledges and agrees Sublandlord shall not have any obligation to perform any work to prepare the Premises for Subtenant's use and occupancy. Within ten (10) days after the full execution of this Sublease by Sublandlord and Subtenant and Master Landlord's execution and delivery of the acceptable form of Master Landlord consent to this Sublease, Sublandlord shall deliver possession of the Premises to Subtenant in accordance with this Sublease unless delayed as a result of any cause beyond the reasonable control of Sublandlord.

2. Term. The term of this Sublease (the "***Sublease Term***") shall commence on the date that is the later of: (i) April 21, 2026 or, (ii) the date on which Sublandlord obtains the consent of Master Landlord to this Sublease, in form and substance reasonably satisfactory to Sublandlord and Subtenant (the "***Sublease Commencement Date***") and shall expire on April 4, 2028

("***Sublease Expiration Date***"), unless earlier terminated pursuant to the terms of this Sublease. Notwithstanding anything to the contrary set forth in this Sublease, Subtenant shall have the right to terminate this Sublease as of December 31, 2027 ("***Early Termination Date***") by delivery of written notice to Sublandlord provided at least six (6) months prior to the Early Termination Date.

3. Use. Subtenant shall use the Sublease Premises in compliance with the Master Lease, and solely for conducting Subtenant's business.

4. Rent. Sublandlord shall be responsible for the timely payment of Basic Rent and Additional Rent under the Master Lease and otherwise complying with the obligations of Sublandlord under the Master Lease before and during the Sublease Term. Subtenant shall pay to Sublandlord the following as Sublease rent hereunder:

4.1 Sublease Term Rent; Rent Commencement Date. Beginning on the Sublease Commencement Date, and continuing during the Sublease Term, Subtenant shall pay to Sublandlord, as sublease rent ("***Monthly Rent***") the monthly Basic Rent owed by Sublandlord pursuant to Section 1.12 of the Master Lease plus Additional Rent due under the Master Lease, in lawful money of the United States of America, without any deduction, offset, prior notice or demand, in advance on the first date of each month of the Sublease Term from the Sublease Commencement Date through the Sublease Expiration Date.

4.2 Other Charges. In addition, Subtenant shall pay Sublandlord any charges, actually incurred for services requested by Subtenant that Sublandlord is liable to Master Landlord for which relate to services that Master Landlord is not obligated to provide at no additional cost under the Master Lease, such as freight elevator charges for Subtenant moving in ("***Other Charges***"). Such Other Charges, if not paid directly to the Master Landlord by Subtenant, shall be paid to Sublandlord for remittance to Master Landlord within seven (7) days of being billed to Subtenant by Sublandlord.

4.3 "Sublease Rent" Defined. All monetary obligations of Subtenant to Sublandlord under the terms of this Sublease are deemed to be rent ("***Sublease Rent***"). Sublease Rent shall be payable in lawful money of the United States to Sublandlord by ACH or wire transfer to an account that Sublandlord may designate in writing. Sublease Rent payable for any partial month during the Sublease Term shall be prorated on a daily basis based on the actual number of days in such month.

5. Master Lease.

5.1 Sublease Subordinate to Master Lease; Subtenant's Covenants. This Sublease is in all respects subject and subordinate to all of the terms, provisions, covenants, stipulations, conditions and agreements of the Master Lease. Subtenant agrees as follows: except as otherwise provided in this Sublease, all references in such incorporated provision to the word "Tenant" shall be deemed to refer to Subtenant, all references to the term "Lease" shall be deemed to refer to this Sublease, all references to the word "Term" shall be deemed to refer to the Sublease Term, all references to the term "Landlord" shall be deemed to refer to the Sublandlord, and all references to the term "indemnitees" shall be deemed to include reference to the Sublandlord, each unless expressly stated, or the context would imply, otherwise):

(a) Basic Lease Provisions. The provisions of the Master Lease are hereby incorporated herein by reference, except for Sections 1.1, 1.2, 1.3, 1.4, 1.7, 1.9, 1.10, 1.11, , 1.14, 3.2, Article 4, Article 7, Section 41.3, all provisions relating to rent abatement, Exhibit B and Exhibit D thereof.

(b) Signage/Directory. Subtenant's right to install signage and be listed in the Building directory shall be governed by Article 37 of the Master Lease, respectively.

(c) Utilities and Services. Subtenant's consumption of utilities shall be subject to Article 19 of the Master Lease, which is incorporated herein by this reference appropriately prorated for any electricity charges prior to the Sublease Commencement Date.

(d) Alterations. Subtenant shall not make any alterations, additions or improvements to the Premises without the prior written consent of (i) Master Landlord, which consent may be granted or withheld as set forth in the Master Lease, and (ii) Sublandlord, which consent shall not be unreasonably withheld, conditioned or delayed if the consent of the Master Landlord is obtained. The foregoing notwithstanding, as to any other alterations, additions or improvements desired to be undertaken by Subtenant, Subtenant shall provide all documentation and information required under the Master Lease with respect to such proposed alterations, additions or improvements and Sublandlord shall promptly submit such documentation and information to Master Landlord for its consent to such alterations, additions or improvements.

(e) Insurance. Subtenant shall obtain the insurance coverages required by the Master Lease, which are incorporated herein by this reference, except that Sublandlord shall not be required to obtain the insurance designated for Master Landlord in this Section but it shall continue the coverages required of Tenant. Each policy of liability insurance shall name Sublandlord and Master Landlord as an additional insured and the waiver of subrogation requirements of property policies shall operate between Sublandlord and Subtenant, in the same manner as between Master Landlord and Sublandlord.

(f) Assignment and Subletting. Subtenant shall not assign or sub-sublet the Premises without the prior written consent of (i) Master Landlord, which may be granted or withheld as set forth in Article 27 of the Master Lease, and (ii) Sublandlord, which consent shall not be unreasonably withheld, conditioned, or delayed.

(g) Consents. Any consent or approval by requested from Sublandlord in accordance with this Sublease shall be deemed reasonably withheld if Master Landlord withholds its consent or approval.

5.2 Certain Covenants. Except as set forth above, the provisions of the Master Lease are hereby incorporated into this Sublease except as otherwise provided in this Sublease. Neither party shall take any action or do or permit to be done anything (i) in violation of or default under any of the terms, covenants, conditions or provisions of the Master Lease or any other instrument to which this Sublease is subordinate (and Sublandlord shall comply with all of the terms of the Master Lease to the extent Sublandlord remains obligated thereunder or to the extent that Subtenant cannot directly comply with such obligations); or (ii) which could result in any additional cost or other liability to Sublandlord unless Subtenant assumes and pays such cost or liability.

5.3 Termination of Possession. Subtenant expressly agrees that, if Sublandlord's tenancy, control or right to possession shall terminate by expiration or any other cause including, without limitation, Sublandlord's exercise of its Termination Option under Section 41.4 of the Master Lease, this Sublease shall thereupon immediately cease and terminate and Subtenant shall give immediate possession to Sublandlord; provided however, that the liability of the Subtenant to the Sublandlord or the liability of the Sublandlord to the Subtenant for termination caused by the applicable party's default under this Sublease shall not be discharged by reason of such termination.

5.4 Sublandlord Not Responsible for Representations and Covenants of Master Landlord under Master Lease. Sublandlord shall not be deemed to have made any representation made by Master Landlord in the Master Lease in its capacity as the lessor of the Building. Moreover, during the Sublease Term, Subtenant acknowledges and agrees that Sublandlord shall not be responsible for Master Landlord's breach of its covenants and obligations under the Master Lease. Without limiting the generality of the foregoing, Sublandlord shall not be obligated (i) to provide any of the services or utilities that Master Landlord has agreed in the Master Lease to provide, (ii) to make any of the repairs or restorations that Master Landlord has agreed in the Master Lease to make, (iii) to comply with any laws or requirements of public authorities with which Master Landlord has agreed in the Master Lease to comply, or (iv) to take any action with respect to the operation, administration or control of the Property or any of the Common Areas that the Master Landlord has agreed in the Master Lease to take, and Sublandlord shall have no liability to Subtenant on account of any failure of Master Landlord to do so, or on account of any failure by Master Landlord to observe or perform any of the terms, covenants or conditions of the Master Lease required to be observed or performed by Master Landlord, provided that in the event that Subtenant determines in good faith that Master Landlord has not performed its obligations under the Master Lease, then upon receipt of written notice from Subtenant, Sublandlord shall be obligated to use commercially reasonable efforts to cause such breaches, defaults or failures of Master Landlord under the Master Lease to be resolved or otherwise settled to Subtenant's reasonable satisfaction; provided, further however: Sublandlord shall not have any obligation to commence litigation or other dispute resolution proceedings to cause Master Landlord to comply with the Master Lease unless Subtenant cannot do so in its own name, in which event Sublandlord shall do so at Subtenant's expense. The foregoing notwithstanding, if any breach of the Master Lease shall entitle Sublandlord to assert claims for an abatement of rent for constructive eviction or otherwise, then such abatement shall accrue in favor of Subtenant. If Sublandlord shall be entitled to an abatement rent or other claims arising from fire or other casualty, then Subtenant shall have the same claims.

6. Indemnity by Subtenant. The indemnification provisions of the Lease shall apply to this Sublease as if Sublandlord was the Master Landlord and Subtenant was the Tenant described in the Lease.

7. Sublandlord's Covenants. Sublandlord covenants to do the following:

7.1 Sublandlord shall not (1) surrender or terminate the Master Lease prior to its scheduled expiration date without the consent of Subtenant; provided that no consent of Subtenant shall be required if Sublandlord elects to exercise its Termination Option under Section 41.4 of the

Master Lease, or (2) amend or modify the Master Lease, the result of which would materially and adversely affect Subtenant's rights or obligations under this Sublease or the Premises;

7.2 Sublandlord shall comply with all the terms and provisions of the Master Lease, except to the extent Subtenant has assumed the same, and

7.3 Sublandlord shall, promptly following receipt thereof, deliver to Subtenant a copy of any and all notices received by Sublandlord from Master Landlord which would have any material effect upon the Premises or this Sublease.

8. Sublandlord's Right to Cure Subtenant Default. Upon a default by Subtenant under this Sublease (after lapse of any applicable notice and cure periods), Sublandlord may, without waiving or releasing any obligation of Subtenant hereunder and without waiving any rights or remedies at law or otherwise, make such payment or perform such act. All sums so paid or incurred by Sublandlord, 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, whichever is less, shall be payable to Sublandlord on demand as additional Sublease Rent.

9. Entire Agreement/Modification. This Sublease, including the Exhibits, contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Sublease, and no prior agreements or understanding or letter or proposal pertaining to any such matters shall be effective for any purpose. This Sublease may only be modified by a writing signed by Sublandlord and Subtenant. No provisions of this Sublease may be amended or added to, whether by conduct, oral or written communication, or otherwise, except by an agreement in writing signed by the parties hereto or their respective successors-in-interest.

10.Interpretation. The title and paragraph headings are not a part of this Sublease and shall have no effect upon the construction or interpretation of any part of this Sublease. Unless stated otherwise, references to paragraphs and subparagraphs are to those in this Sublease. This Sublease shall be strictly construed neither against Sublandlord nor Subtenant.

11.Representations. Sublandlord represents to Subtenant that to Sublandlord's actual knowledge:

(a) the copy of the Master Lease delivered by Sublandlord to Subtenant is a complete and accurate copy of the Master Lease, which is in effect and has not otherwise been amended and there are no other agreements between Master Landlord and Sublandlord relating to the leasing, use, and occupancy of the Premises; and

(b)that the Premises has not been sublet or licensed to any third party, in whole or in part, and the Master Lease has not been assigned; and

(c)that no circumstance exists and no event has occurred which, with the giving of notice, the passage of time, or both, would constitute a breach or default of either party to the Master Lease; and

(d) Sublandlord is not the debtor, defendant or respondent in any pending receivership, insolvency, bankruptcy, foreclosure, lease termination or other creditors' action or proceeding.

FAILURE TO OBTAIN LANDLORD CONSENT. This Sublease shall constitute a valid and binding obligation of the parties on and after the date that it has been signed and delivered by them despite the fact that the Sublease Term and Subtenant's rights to possession will not have commenced. Within five (5) days after Subtenant has signed and delivered this Sublease, Sublandlord shall submit a fully executed original of this Sublease to the Master Landlord for Master Landlord's consent in accordance with the Master Lease and send a duplicate original of this Sublease fully executed to Subtenant with a copy of the notice to Master Landlord requesting consent. The parties shall cooperate reasonably in connection with the application for Master Landlord's consent and furnish such available documents and information as Master Landlord may reasonably require for such purpose. This Sublease is subject to and conditioned upon the consent of the Master Landlord.

[signature page follows]

IN WITNESS WHEREOF, Sublandlord and Subtenant have executed this Sublease as of the Effective Date.

SUBLANDLORD:	**SUBTENANT:**
ANAPTYSBIO, INC., a Delaware corporation	FIRST TRACKS BIOTHERAPEUTICS, INC., a Delaware corporation
By: /s/ Chris Murphy Name: Chris Murphy Title: CFO	By: /s/ Ajim Tamboli Name: Ajim Tamboli Title: CFO

[Signature Page to Sublease]

EXHIBIT A

MASTER LEASE

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made as of May 4, 2020 ("Effective Date"), by and between WATERIDGE PROPERTY OWNER, LP, a Delaware limited partnership ("Landlord"), and ANAPTYSBIO, INC., a Delaware corporation ("Tenant").

1.

TERMS AND DEFINITIONS

For the purposes of this Lease, the following terms shall have the following definitions and meanings:

1.1.Landlord: Wateridge Property Owner, LP, a Delaware limited partnership

1.2.Landlord's Address:

Wateridge Property Owner, LP
c/o Bioscience Properties, Inc.
514 Via De La Valle, Suite 300A
Solana Beach, CA 92075
Attention: Steve Bollert

1.3.Tenant: AnaptysBio, Inc., a Delaware corporation

1.4.Tenant's Address:

Prior to the Commencement Date:

AnaptysBio, Inc.
10421 Pacific Center Court, Suite 200
San Diego, CA 92121
Attn: Eric Loumeau

As of the Commencement Date:

AnaptysBio, Inc.
10770 Wateridge Circle, Suite 210
San Diego, CA 92121
Attn: Eric Loumeau

1.5.Building: That certain two (2)-story building located at 10770 Wateridge Circle, San Diego, California 92121.

1.6.Premises: Approximately 45,057 rentable square feet of area ("Rentable Square Feet"), subject to adjustment in accordance with Section 2.2 below, in Suite number 210 in the Building.

1.7.Initial Term: One hundred twenty-four (124) months.

1.8.Tenant's Vehicle Parking Spaces: One hundred thirty-six (136) parking spaces (consisting of three (3) parking spaces which shall be reserved for Tenant's visitors and one hundred thirty-three (133) unreserved parking spaces) within the Parking Area (defined in Article 33 below) at no additional charge during the Initial Term, subject to the terms and conditions of Article 33 below.

1.9.Tenant Improvement Allowance: (i) Up to One Hundred Ninety Dollars ($190.00) per Rentable Square Foot of the Premises (i.e., up to $8,560,830.00) ("Initial Allowance"), plus (ii) at Tenant's election and subject to repayment as provided herein, an additional amount of up to a maximum of Fifteen Dollars ($15.00) per Rentable Square Foot of the Premises (i.e., up to $675,855.00) ("Additional Allowance"), plus (iii) all or a portion of the Abated Rent Amount (as defined below) which Tenant timely elects to apply to the Tenant Improvements (in lieu of abated rent) ("Abated Rent Allowance"), to be contributed by Landlord toward the cost of constructing the Tenant Improvements pursuant to the Work Letter Agreement described in Section 2.1 below. The Initial Allowance and, if applicable, the Additional Allowance and the Abated Rent Allowance, shall be collectively referred to herein as the "Tenant Improvement Allowance." If Tenant elects to use the Additional Allowance or a portion thereof, (a) such amount shall be amortized over the Initial Term on a straight line basis at an annual percentage rate of eight percent (8%) and payable by Tenant as a component of Basic Rent, and (b) as a condition to Landlord providing any portion of the Additional Allowance, Tenant shall be obligated to apply and convert an equal amount of the Abated Rent Allowance on a per rentable square foot basis, pari passu (e.g., if Tenant elects to use $5.00 per Rentable Square Foot of the Additional Allowance, Tenant must also elect to apply a portion of the Abated Rent Amount equal to $5.00 per Rentable Square Foot toward the cost of the Tenant Improvements), and the amount of Basic Rent to be abated pursuant to Section 5.1 below shall be reduced accordingly. Tenant shall notify Landlord of its election to use the Additional Allowance and a corresponding portion of the Abated Rent Allowance prior to commencement of construction of the Tenant Improvements.

1.10.Early Occupancy Date: The earlier to occur of (i) the date upon which Tenant first commences the conduct of business in the Premises for the Permitted Use, and (ii) the later to occur of (x) the date on which the Tenant Improvements are Substantially Complete pursuant to the terms and conditions of, and as that term is defined in, the Work Letter Agreement, and (y) March 1, 2021 ("Estimated Completion Date"). Beginning on the Early Occupancy Date, Tenant shall have the right to occupy and use the Premises on all of the same terms and conditions of this Lease except as expressly provided herein. The period between the Early Occupancy Date and the Commencement Date (as defined below) shall be referred to herein as the "Early Occupancy Period". During the Early Occupancy Period, Tenant shall have no obligation to pay Basic Rent. All other terms and provisions of this Lease (including, without limitation, the obligation to pay separately metered utilities and all Additional Rent) shall apply to the Premises both during the Early Occupancy Period and thereafter.

1.11.Commencement Date: The date which is two (2) weeks following the Early Occupancy Date.

1.12.Basic Rent:

Months of Initial Term	Basic Rent per Rentable Square Foot ($/mo)	Monthly Installments of Basic Rent ($/mo)	Annual Basic Rent ($/yr)
1-12*	$4.20	$189,239.40	$2,270,872.80
13-24	$4.33	$194,916.58	$2,338,998.96
25-36	$4.46	$200,764.08	$2,409,168.96
37-48	$4.59	$206,787.00	$2,481,444.00
49-60	$4.73	$212,990.61	$2,555,887.32
61-72	$4.87	$219,380.33	$2,632,563.96
73-84	$5.02	$225,961.74	$2,711,540.88
85-96	$5.17	$232,740.59	$2,792,887.08
97-108	$5.32	$239,722.81	$2,876,673.72
109-120	$5.48	$246,914.49	$2,962,973.88
121-124	$5.64	$254,321.92	$3,051,863.04

*Provided that Tenant is not in default under this Lease beyond any applicable notice and cure period, monthly installments of Basic Rent shall be abated for months two (2) through seven (7) of the Initial Term, for a total "Abated Rent Amount" of $1,135,436.40, pursuant to the terms and conditions of Section 5.1 below.

1.13.Tenant's Percentage: 24.55%.

1.14.Security Deposit: $254,321.92; **Letter of Credit Amount**: $2,000,000.00.

1.15.Broker(s): Avison Young (Brian Cooper), representing Tenant, and Jones Lang LaSalle (Chad Urie, Tim Olson and Grant Schoneman), representing Landlord.

1.16.Permitted Use: Office, laboratory and research and development and all uses ancillary thereto, and no other use, subject to compliance with all applicable Laws (defined below).

1.17.Building Area: 183,565 Rentable Square Feet.

2.

PREMISES AND COMMON AREAS

2.1.Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises outlined on the Floor Plan attached hereto, marked Exhibit "A-I", and incorporated herein by this reference ("Outline of Premises"). The Premises are located in the Building, which, together with the Parking Area, is located on the parcel or parcels of real property ("Project Site") outlined on the Project Site Plan attached hereto, marked as Exhibit "A-II", and incorporated herein by this reference ("Project Site Plan") (all of which, together with the Building Common Areas and the Project Common Areas, as hereinafter defined, are collectively referred to as the "Project"). The Premises are leased in their "AS-IS" condition in accordance with Article 14; provided however, the Premises will be improved by Landlord with the Tenant Improvements described in the Work Letter Agreement, a copy of which is attached hereto, marked as Exhibit "B" and incorporated herein by this reference ("Work Letter Agreement"). The Premises are agreed, for the purposes of this Lease, to have approximately the number of Rentable Square Feet designated in Section 1.6, subject to adjustment as described in Section 2.2 below. The parties hereto agree that this Lease is upon and subject to the terms, covenants and conditions herein set forth. Each of Landlord and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions by it to be kept and performed.

2.2.Rentable Area.

2.2.1.1.Landlord and Tenant stipulate and agree that: (a) subject to Section 2.2.2 below, the Rentable Square Feet contained in the Building is as specified in Section 1.17, and (b) the Rentable Square Feet of the Building shall include all of, and the Rentable Square Feet of the Premises shall include a portion of (such portion to be equitably determined by Landlord) the total square feet contained in any common areas (e.g., lobbies, mail room, fire control room, etc.) of the Building. The initial Monthly Basic Rent and Tenant's Percentage specified in Section 1.13 of this Lease are based upon the approximate Rentable Square Feet of the Premises set forth in Section 1.6and the Rentable Square Feet of the Building set forth in Section 1.17. The Memorandum of Lease Terms (as defined in Section 3) shall indicate, among other things, the actual Rentable Square Feet of the Premises, as set forth in this Section 2.2.1.

2.2.1.2.Landlord reserves the right (a) to modify the standards utilized hereunder for the measurement of Rentable Square Feet (so long as any such modification is reasonably consistent with then prevailing Institutional Owner Practices (defined below)) and (b) consistent with any such modifications of measurement standards, to adjust the Rentable Square Feet of the Premises and the Building and/or portions thereof and any economic terms set forth herein (such as Tenant's Percentage) calculated on the basis thereof; provided that Landlord shall have no right to adjust the Basic Rent then in effect as a result of any such modification.

2.3.Common Areas. Tenant and its employees, invitees and agents shall have the nonexclusive right to use in common with Landlord and other tenants or occupants of the Project and their respective employees, invitees and agents, subject to the Rules and Regulations referred to in Section 36.1 below and all covenants, conditions and restrictions affecting the Project, any of the following areas which may be appurtenant to the Premises (collectively, "Common Areas"):

2.3.1.1.any common entrances, lobbies, shared entry lobbies and corridors, shared restrooms, service areas, elevators, stairways, accessways and/or ramps which may be located in the Building, and any common pipes, wires and appurtenant equipment which may be serving the Premises (collectively, "Building Common Areas"); and

2.3.1.2.the Parking Area and any loading and unloading areas, trash areas, service areas, parking areas, roadways, sidewalks, walkways, plazas, parkways, driveways, landscaped areas and similar areas and facilities from time to time situated within the Project (collectively, "Project Common Areas").

2.4.Landlord's Reservation of Rights. Landlord reserves for itself, and for the owner(s) and operator(s) of the Project or any portion thereof, the right from time to time without material interference with Tenant's Permitted Use or access to the Premises:

2.4.1.1.to install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Building above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas of the Premises, and to relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment which are located in the Premises or elsewhere, and to expand the Building and/or the Parking Area (after which expansion there shall be an appropriate adjustment made to Tenant's Percentage); provided in no event shall such reservation of rights reduce the Rentable Square Feet of the Premises;

2.4.1.2.to make changes in its sole and absolute discretion to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas and walkways;

2.4.1.3.to close temporarily any of the Common Areas for maintenance purposes and to avoid claims of prescriptive rights so long as reasonable access to the Premises remains available;

2.4.1.4.to designate other land outside the boundaries of the Building or the Project to be a part of the Project Common Areas;

2.4.1.5.to add additional buildings and improvements to the Project Common Areas;

2.4.1.6.to use the Common Areas while engaged in making additional improvements, repairs or alterations to the Building, the Parking Area or the Project, or any portion thereof; and

2.4.1.7.to do and perform such other acts and make such other changes in, to or with respect to the Project or any portion thereof as Landlord and/or the owner(s) and/or operator(s) thereof may deem to be appropriate.

3.

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TERM

3.1.Initial Term. The "Initial Term" of this Lease shall be for the period designated in Section 1.7, commencing on the Commencement Date and ending on the last day of the month in which the expiration of such period occurs, unless sooner terminated as hereinafter provided; provided that if the Commencement Date occurs on a day other than the first day of any calendar month, for purposes of calculating the date ("Expiration Date") on which the Term is scheduled to expire and the timing of all scheduled increases in Basic Rent during the Term, the Commencement Date shall be deemed to be the first day of the calendar month following the Commencement Date. The Commencement Date, the date upon which the Initial Term of this Lease shall end unless sooner terminated pursuant to the provisions hereof, the Rentable Square Feet in the Premises and Tenant's Percentage as determined pursuant to Section 2.2 above shall be specified in a Memorandum of Lease Terms, which shall be in the form of Exhibit "C", attached hereto and incorporated herein by this reference ("Memorandum of Lease Terms"), and shall be executed by Tenant as soon as practicable after the Commencement Date. As used herein, "Term" shall refer to the Initial Term as it may be extended by written agreement of Landlord and Tenant, including, without limitation, as a result of Tenant's exercise of the Option in accordance with Section 3.2 below.

3.2.Option Term. Tenant shall have the right and option ("Option") to extend the Term of this Lease for one (1) additional period of five (5) years ("Option Term"). The Option Term shall commence on the day immediately succeeding the expiration date of the Initial Term and shall end on the day immediately preceding the fifth (5^{th}) anniversary of the first day of such Option Term. Notwithstanding any provision of this Section 3.2 to the contrary, the Option shall be personal to the original Tenant under this Lease (i.e., AnaptysBio, Inc.) ("Original Tenant") and to any Permitted Transferee.

(1) Tenant shall exercise the Option by giving written notice to Landlord of its election to do so not earlier than fifteen (15) months and not later than twelve (12) months prior to the expiration of the Initial Term. The giving of such notice of extension by Tenant shall automatically extend the Term of this Lease for such Option Term, and no instrument of renewal or extension need be executed. In the event that Tenant fails to give timely notice

to Landlord, this Lease shall automatically terminate at the end of the Initial Term and Tenant shall have no further option to extend the Term of this Lease. The Option shall be exercisable by Tenant only on the express condition that (i) at the time of the exercise, and at all times prior to the commencement of the Option Term, Tenant shall not be in Default under any of the provisions of this Lease, and (ii) Tenant shall not have been ten (10) or more days late in the payment of Monthly Basic Rent more than once during any twelve (12) consecutive month period during the Term.

(2) The Option Term shall be on all the terms and conditions of this Lease, except that: (i) Tenant shall have no further right or option to extend the Term as provided by this Section 3.2 and (ii) the Basic Rent for the Option Term shall be equal to the Fair Market Rental Value of the Premises for such Option Term, determined pursuant to Subsection 3.2.3 below. If Tenant subleases any portion of the Premises or assigns or otherwise transfers any interest under this Lease to anyone other than a Permitted Transferee, the Option shall lapse. If Tenant subleases any portion of the Premises or assigns or otherwise transfers any interest of Tenant under this Lease to any person or entity other than a Permitted Transferee after the exercise of the Option but prior to the commencement of the Option Term (whether with or without Landlord's consent), the Option shall lapse and the Term of this Lease shall expire as if the Option was not exercised.

(3) For the purposes hereof, "Fair Market Rental Value" of the Premises shall mean the prevailing annual market rental value (which rental value determination may include increases in Rent during the Option Term) for Class "A" office and laboratory/research and development space of comparable size, quality and location in comparable first-class office and laboratory/research and development buildings located in the Sorrento Mesa submarket of San Diego, California, as of the date of commencement of the Option Term ("Comparable Transactions"), taking into consideration the amenities offered in or near the Project and the amount, availability and cost of parking; provided, however, that in calculating the Fair Market Rental Value, no consideration shall be given to (1) the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with Tenant's exercise of its right to lease the Premises during the Option Term or the fact that landlords are or are not paying real estate brokerage commissions in connection with such comparable space, and (2) any period of rental abatement, if any, granted to tenants in comparable transactions in connection with the design, permitting and construction of tenant improvements in such comparable spaces. The Fair Market Rental Value shall additionally include a determination as to whether, and if so to what extent, Tenant must provide Landlord with financial security, such as a letter of credit or security deposit, for Tenant's Rent obligations in connection with Tenant's lease of the Premises during the Option Term. Such determination shall be made by reviewing the extent of financial security then generally being imposed in Comparable Transactions from tenants of comparable financial condition and credit history to the then existing financial condition and credit history of Tenant (with appropriate adjustments to account for differences in the then-existing financial condition of Tenant and such other tenants).

(4) Promptly after receiving Tenant's notice of its election to exercise the Option to extend the Term of this Lease, Landlord shall provide Tenant with Landlord's good faith estimate of the Fair Market Rental Value of the Premises for the Option Term ("Landlord's Fair Market Rental Value Notice"). In the event that Tenant objects to Landlord's determination of the Fair Market Rental Value within ten (10) business days following Tenant's receipt of Landlord's Fair Market Rental Value Notice, Landlord and Tenant shall attempt to agree upon the Fair Market Rental Value using their best good faith efforts. If Landlord and Tenant fail to reach agreement within ten (10) business days following Tenant's objection to the Fair Market Rental Value ("Outside Agreement Date"), then each party shall make a separate determination of the Fair Market Rental Value within five (5) business days after the Outside Agreement Date, and such determinations shall be submitted to arbitration in accordance with Subsection 3.2.4(A)through Subsection 3.2.4(G) below.

(a) Landlord and Tenant shall each appoint one arbitrator who shall be a real estate broker or attorney who shall have been active over the five (5) year period ending on the date of such appointment in the leasing of office and laboratory/research and development properties in the Sorrento Mesa submarket of San Diego, California. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Fair Market Rental Value is the closest to the actual Fair Market Rental Value, as determined by the arbitrators, taking into account the requirements of Subsection 3.2.3. Each such arbitrator shall be appointed within fifteen (15) days after the applicable Outside Agreement Date.

(b) The two (2) arbitrators so appointed shall within ten (10) days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two (2) arbitrators.

(c) The three (3) arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Fair Market Rental Value and shall notify Landlord and Tenant thereof.

(d) The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

(e) If either Landlord or Tenant fails to appoint an arbitrator within fifteen (15) days after the applicable Outside Agreement Date, then the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof and such arbitrator's decision shall be binding upon Landlord and Tenant.

(f) If the two (2) arbitrators fail to agree upon and appoint a third arbitrator, or if both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration under the provisions of the American Arbitration Association, but subject to the instruction set forth in this Subsection 3.2.4.

(g) The cost of the arbitration shall be paid by Landlord and Tenant equally.

4.

DELIVERY

Landlord will endeavor to tender possession of the Premises to Tenant with the Tenant Improvements Substantially Complete on or before the Estimated Completion Date; provided, that if the date on which Landlord actually tenders possession of the Premises to Tenant in such condition does not occur on or before the Estimated Completion Date, this Lease shall not be void or voidable, the Term of this Lease shall not be extended, and Landlord shall not be liable to Tenant for any loss or damage resulting therefrom; provided further that Landlord shall use commercially reasonable efforts to tender to Tenant delivery of possession of the Premises in such condition as soon as reasonably possibly after the Estimated Completion Date. Notwithstanding the foregoing, if Landlord is unable to deliver possession of the Premises to Tenant on or before the date which is six (6) months after the Estimated Completion Date ("Outside Delivery Date"), then Tenant shall have the right to terminate this Lease by delivering Notice thereof to Landlord no later than five (5) business days after the Outside Delivery Date, which termination shall be effective thirty (30) days after the date of such Notice, provided that if Landlord delivers possession of the Premises to Tenant within such thirty (30) day period, then Tenant's notice to terminate shall be deemed void and this Lease shall continue in full force and effect. If this Lease is terminated in accordance with the immediately preceding sentence, Landlord shall promptly return to Tenant any unapplied portion of the Security Deposit and any pre-paid Rent. Tenant's failure to deliver a Notice of termination within five (5) business days after the Outside Delivery Date shall be deemed Tenant's waiver of its right to terminate this Lease due to a delay in delivery of the Premises. Notwithstanding anything contained herein to the contrary, the Outside Delivery Date shall be extended on a day-for-day basis for any delay to the extent caused solely by an event of Force Majeure and/or a Tenant Delay; provided that if such event of Force Majeure arises as a result of the Orders (as defined herein), the Outside Delivery Date shall not be extended beyond the date that is four (4) months after the Orders are no longer effective. As used herein, "Orders" means (i) that certain Executive Order N-33-20 issued on March 19, 2020 by Governor Gavin Newsom, as amended from time to time (the "California Order"), (ii) that certain Order, dated March 27, 2020, issued by the County of San Diego Health and Human Services Agency, as amended from time to time (the "County Order"), (iii) that certain City of San Diego Executive Order No. 2020-1, dated March 16, 2020, as amended from time to time (the "City Order"), and (iv) any law, ordinance, or regulation enacted during the Term that has the same effect as the California Order, the County Order and/or the City Order or otherwise prevent in-person workforces in the Premises. If Tenant is entitled to terminate this Lease in accordance with this Article 4 but elects not to so terminate this Lease, and provided that Tenant is not in default under this Lease beyond any applicable notice and cure period, Tenant shall be entitled to receive a credit to be applied to the Basic Rent next due and payable under this Lease in an amount equal to fifty percent (50%) of the Holdover Penalty (as defined below), if any, actually charged to Tenant and paid by Tenant under (a) that certain Sublease, dated May 18, 2018, by and between Tenant and Trex Enterprises Corporation, a California corporation ("Trex"), for certain premises located at 10455 Pacific Center Court, San Diego, California 92121 ("Trex Sublease"), and/or (b) that certain Office Lease, dated April 19, 2011, by and between Tenant and Kilroy Realty, L.P., a Delaware limited liability company ("Kilroy"), for certain premises located at 10421 Pacific Center Court, San Diego, California 92121, as amended by that certain First Amendment to Office Lease, dated September 10, 2015 ("Kilroy Lease") (collectively, the "Prior Leases{xe "Prior Lease"}"), to the extent attributable to the period of time commencing on the date that any Holdover Penalty is incurred under any Prior Lease and the actual date on which possession of the Premises is delivered to Tenant with the Tenant Improvements Substantially Complete ("Actual Delivery Date{xe "Actual Delivery Date"}"), but excluding the number of days of delay arising from a Tenant Delay. As used in this Article 4, "Holdover Penalty{xe "Holdover Penalty"}" shall mean the additional base rent actually charged by Trex and/or Kilroy, as applicable, as a result of Tenant's holdover beyond the term of any Prior Lease and paid by Tenant, up to the maximum amounts set forth below, as evidenced by an invoice or other formal notice delivered by Trex and/or Kilroy, as applicable, a copy of which shall be delivered to Landlord hereunder.

	Maximum Monthly Holdover Penalty	**Landlord's Share (50%) of Maximum Monthly Holdover Penalty**
Trex Sublease	$16,517.28	$8,258.64
Kilroy Lease	$25,115.84	$12,557.92

In no event shall Landlord be liable for any other amounts charged to Tenant under the Prior Leases (including, without limitation, consequential damages), other than an amount equal to fifty percent (50%) of the Holdover Penalty as expressly set forth herein. For clarification and the avoidance of doubt, if Landlord delivers the Premises to Tenant with the Tenant Improvements Substantially Complete on or before the Outside Delivery Date, as the same may be extended pursuant to this Article 4, or if Tenant terminates this Lease in accordance with this Article 4, then Landlord shall have no obligation to pay for any portion of the Holdover Penalty. The remedies set forth in this Article 4 shall be Tenant's sole and exclusive remedies at law or equity for the matters described herein.

5.

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RENT

5.1.Basic Rent. Tenant shall pay Landlord as consideration for the use and enjoyment of the Premises the Basic Rent designated in Section 1.11 (subject to proration as hereinafter provided) in equal monthly installments, each in advance on the first day of each calendar month during the Term commencing on the Commencement Date, except that the first month's Rent shall be paid to Landlord upon delivery to Landlord of a copy of this Lease, executed by Tenant. If the Term of this Lease commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, then the Rent for such period shall be prorated on the basis of a thirty (30) day month. Notwithstanding the foregoing, and provided that Tenant is not in default under this Lease beyond any applicable notice and cure period, the monthly installment of Basic Rent for the Premises shall be abated during months two (2) through seven (7) of the Initial Term ("Abatement Period"), subject to adjustment thereof as provided in Section 1.9 above. All other terms and provisions of this Lease (including, without limitation, the obligation to pay separately metered utilities and all Additional Rent) shall apply to the Premises both during the Abatement Period and thereafter.

5.2.Additional Rent. In addition to the Basic Rent, Tenant agrees to pay as Additional Rent (defined below) the amount of Rent adjustments and other charges required by this Lease. Other charges to be paid by Tenant hereunder, including, without limitation, payments for Operating Expenses, Real Property Taxes, insurance, insurance deductibles and repairs shall be considered "Additional Rent" for purposes of this Lease. The term "Rent" as used in this Lease shall mean Basic Rent and Additional Rent and all other amounts payable by Tenant pursuant to this Lease. When no other time is stated herein for payment, payment of any amount due from Tenant to Landlord hereunder shall be made within ten (10) business days after Tenant's receipt of Landlord's invoice or statement therefor. All Rent shall be paid to Landlord, without prior demand and without any deduction or offset except as specified herein, in lawful money of the United States of America, via Automated Clearing House (ACH) or to such other person or at such other place as Landlord may from time to time designate in writing.

5.3.Late Payment. If Tenant fails to pay any installment of Rent when due or in the event Tenant fails to make any other payment for which Tenant is obligated under this Lease when due, such late amount shall accrue interest and Tenant shall pay Landlord as Additional Rent interest on such amount at an annual rate ("Default Rate") equal to the lesser of: (a) the then prevailing prime rate of Bank of America NT & SA ("Prime Rate") plus six (6) percentage points or (b) the maximum rate permitted by law from the date such amount became due until such amount is paid. If the format or components of the Prime Rate are materially changed, or if the Prime Rate ceases to exist, Landlord shall substitute a prime rate or alternative base rate of interest that is maintained by the

Bank of America NT & SA or similar financial institution which Landlord determines in its reasonable business judgment. In addition to said interest, Tenant shall pay to Landlord concurrently with any installment of Rent, or other payment, not paid within five (5) days of the date upon which it is due, and Landlord may demand same from Tenant, as Additional Rent, a late charge equal to eight percent (8%) of the late amount to compensate Landlord for the extra costs incurred as a result of such late payment; provided that no such late charge shall be due with respect to the first delinquent payment in any twelve (12) month period provided that such payment is made within ten (10) days after delivery of written notice from Landlord that such amount is due. THE PARTIES AGREE THAT ANY SUCH LATE PAYMENT MAY CAUSE LANDLORD TO INCUR ADMINISTRATIVE COSTS AND OTHER DAMAGE, THE EXACT AMOUNT OF WHICH WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO ASCERTAIN, AND THAT SUCH INTEREST AND LATE CHARGE REPRESENT A FAIR AND REASONABLE ESTIMATE OF THE DETRIMENT THAT LANDLORD WILL SUFFER BY REASON OF LATE PAYMENT BY TENANT. Acceptance of any such interest and late charge shall not constitute a waiver of any Tenant Default with respect to the overdue amount, or prevent Landlord from exercising any of the other rights and remedies available to Landlord hereunder or at law.

5.4.Additional Late Payment Remedies. Any payment returned to Landlord shall be subject to a handling charge of $50.00. If Tenant fails to pay an installment of Basic Rent within ten (10) days following the date the same is due on any three (3) or more occasions during any twelve (12) month period, Landlord shall have the right, in addition to any other rights or remedies it may have hereunder or at law, to require Tenant thereafter to pay installments of Basic Rent quarterly in advance.

6.

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RENT ADJUSTMENT

6.1.Definitions. For the purposes of this Lease, the following terms shall be defined as follows:

6.1.1.1.**Operating Expenses**: "Operating Expenses" shall consist of all costs of operation, management, ownership, insurance, maintenance and repair of the Project, including without limitation the Building, the Common Areas and all other portions of the Project, including any expansions thereof by Landlord or by the owner(s) and/or the operator(s) thereof. Operating Expenses shall include, without limitation, the following: (a) any and all non-tax assessments payable by Landlord for, or costs or expenses incurred by Landlord in connection with, the Building or the Project pursuant to any covenants, conditions or restrictions, reciprocal easement agreements, tenancy-in-common agreements or similar restrictions and agreements affecting the Building or the Project; (b) assessments and any taxes or assessments hereafter imposed in lieu thereof; (c) Rent taxes and gross receipts taxes (whether assessed against Landlord or assessed against Tenant and paid by Landlord, or both); (d) water and sewer charges; (e) accounting, legal and other consulting fees incurred by Landlord in connection with the Project or any portion thereof; (f) the net cost and expense of insurance, and any associated insurance deductibles, for which Landlord and/or the owner(s) and/or the operator(s) of the Project is (are) responsible or any first mortgagee with a lien affecting the Premises reasonably deems necessary in connection with the operation of the Building or the Project; (g) utilities, including, but not limited to, any and all costs and fees associated with the installation, maintenance, repair, or replacement of intrabuilding network telephone and data cable; (h) janitorial services, security, labor, utilities surcharges or any other costs levied, assessed or imposed by, or at the direction of, or resulting from statutes, including, but not limited to, the Americans with Disabilities Act (42 U.S.C. Section 12101 et seq.), or regulations or interpretations thereof promulgated by, any federal, state, regional, local or municipal governmental authority, agency or subdivision (each, a "Governmental Authority") in connection with the use or occupancy of the Project or any portion thereof; (i) costs and expenses incurred or suffered by Landlord in connection with transportation or energy management programs; (j) the cost (amortized over such period as is customary under sound institutional real estate property management procedures ("Institutional Owner Practices"), together with interest at a rate ("Interest Rate") equal to the Prime Rate plus two (2) percentage points on the enumerated balance): (i) of any capital improvements or replacements intended as labor-saving devices or to effect other economies in the maintenance or operation of, or stability of services to, the Building (including Building Common Areas) or the Project Common Areas by Landlord or by the owner(s) and/or the operator(s) thereof, or (ii) of replacing any equipment, systems or materials needed to operate the Project or any portion thereof at the same quality levels as prior to the improvement or replacement or as mandated by revisions or governmental interpretations of any applicable Laws (defined below) or (iii) which are designed to reduce Operating Expenses or to comply with Laws; (k) costs incurred in the management of the Project, including supplies, materials, equipment, on-site management office rent, wages and salaries of employees used in the management, operation and maintenance thereof, payroll taxes and similar governmental charges with respect thereto, and a Building management fee (not to exceed three percent (3%) of gross receipts, grossed up to reflect ninety-five percent (95%) occupancy); (l) all costs and expenses for air-conditioning, waste disposal, heating, ventilating, elevator repair and maintenance, supplies, materials, equipment, and tools incurred in connection with the Project or any portion thereof (except as the same is payable to Landlord by tenants of the Project under their leases for space in the Project); (m) repair and maintenance of the roof and structural portions of the Building and the Common Areas, including the plumbing, heating, ventilating, air conditioning and electrical systems installed or furnished by Landlord; (n) maintenance costs of the Building, the Common Areas and the Project or any portion thereof, including utilities and payroll expenses, rent of personal property used in maintenance and all other upkeep; (o) costs and expenses of gardening and landscaping the Project or any portion thereof; (p) maintenance of signs located in or about the Project (other than Tenant's signs or the signs of other tenants or occupants of the Building who are responsible to maintain their own signs); (q) personal property taxes levied on or attributable to personal property of Landlord or the owner(s) and/or operator(s) of the Project used in connection with the Project; (r) reasonable audit or verification fees incurred in connection with the Project; and (s) the costs and expenses of repairs (including latent defects), resurfacing, maintenance, painting, lighting, cleaning, refuse removal, security and similar items incurred with respect to the Project, including appropriate reserves.

Operating Expenses shall not include: (A) depreciation on the Building or equipment therein; (B) Landlord's executive salaries; (C) real estate broker's commissions and advertising costs in connection with leasing space in the Project; (D) legal fees and disbursements incurred for collection of tenant accounts or negotiation of leases, or relating to disputes between Landlord and other tenants and occupants of the Building or Project; (E) the cost of any capital improvements unless specifically permitted by this Section 6.1.1, parts (a) through (s), inclusive; (F) amounts received by Landlord on account of proceeds of insurance to the extent the proceeds are reimbursement for expenses which were previously included in Operating Expenses; (G) payments of principal and interest on any mortgages upon the Project or Building; (H) payments of ground rent pursuant to any ground lease covering the Project or Building; (I) the costs of gas, steam or other fuel; operation of elevators and security systems; heating, cooling, air conditioning and ventilating; chilled water, hot and cold domestic water, sewer and other utilities or any other service work or facility, or level or amount thereof, provided to any other tenant or occupant in the Project which either (x) is not required to be supplied or furnished by Landlord to Tenant under the provisions of this Lease or (y) is supplied or furnished to Tenant pursuant to the terms of this Lease with separate or additional charge; (J) any cost that is expressly excluded from Operating Expenses in an express provision contained in this Lease; (K) initial improvements or alterations to tenant spaces in the Project; (L) the cost of providing any service directly to and paid directly by a single individual lessee, or costs incurred for the benefit of a single lessee; (M) costs incurred due to Landlord's breach of a law or ordinance; (N) repairs necessitated by the gross negligence or willful misconduct of Landlord or Landlord's employees, agents, or contractors; (O) charitable or political contributions and membership fees or other payments to trade organizations; (P) Landlord's general overhead expenses not related to the Project; (Q) Landlord's costs of any services provided to lessees or other occupants for which Landlord is actually reimbursed by such lessees or other occupants (other than reimbursement through Operating Expenses) as an additional charge or rental over and above the basic rent (and escalations thereof) payable under the lease with such lessee or other occupant; (R) costs (i.e., interest and penalties) incurred due to Landlord's default of this Lease or any other lease, mortgage, or other agreement, in each case affecting the Project; (S) payments to subsidiaries or affiliates of Landlord, or to any other party, in each case as a result of a non-arm's length transaction, for management or other services for the Project, or for supplies or other materials for the Project, to the extent that such payments exceed arm's length competitive prices in the market where the Premises are located for the services, supplies or materials provided; (T) costs or expenses incurred in connection with the financing or sale of the Project or any portion thereof; (U) costs of environmental testing, monitoring, removal or remediation of any Hazardous Materials in the Project that are in existence at the Project prior to the Commencement Date except to the extent caused by Tenant; (V) the costs of acquiring investment-grade art; and (W) any item that, if included in Operating Expense, would involve a double collection for such item by Landlord.

6.1.1.2.**Real Property Taxes**: "Real Property Taxes" shall mean and include any form of assessment, re-assessment, license fee, license tax, business license fee, commercial rent tax, levy, charge, penalty, tax or similar imposition, imposed by any authority having the direct power to tax, including any Governmental Authority, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, as against any legal or equitable interest of Landlord in the Building, the Premises or the Project, including but not limited to the following:

6.1.1.2.1.any tax on Landlord's "right" to other income from the Project or any portion thereof or as against Landlord's business of leasing the Project or any portion thereof;

6.1.1.2.2.any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real estate tax, including but not limited to, any assessments, taxes, fees, levies and charges that may be imposed by any Governmental Authority for such services as fire protection, street, sidewalk or road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, it being the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies and charges be included within the definition of "Real Property Taxes" for the purposes of this Lease;

6.1.1.2.3.any assessment, tax, fee, levy or charge allocable to or measured by the area of any premises in the Project or the Rent payable hereunder and under any other leases for premises in the Building, the Parking Area or the Project, including without limitation any gross income tax or excise tax levied by any Governmental Authority or any political subdivision thereof, with respect to the receipt of such Rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by tenants of their premises in the Project, or any portion thereof; and

6.1.1.2.4.any assessment, tax, fee, levy or charge upon this transaction or any document creating or transferring an interest or an estate in the Project or any portion thereof, or based upon a reassessment of the Project or any portion thereof by virtue of a "change in ownership", and as a result thereof, and to the extent that in connection therewith, the Building is reassessed for real estate tax purposes by the appropriate Governmental Authority pursuant to the terms of Proposition 13 (as adopted by the voters of the State of California in the June, 1978 election, or any successor statute).

Notwithstanding any provision of this Section 6.1.2 expressed or implied to the contrary, "Real Property Taxes" shall not include (a) Landlord's federal or state income, franchise, inheritance or estate taxes, or (b) fines, penalties and/or interest incurred as a result of Landlord's failure to pay any Real Property Tax when due.

6.1.1.3.**Tenant's Percentage**. "Tenant's Percentage" means the percentage set forth in Section 1.13; provided, however, that Landlord reserves the right from time to time during the Term of this Lease to recalculate Tenant's Percentage, in which case Tenant's Percentage shall mean that numeric figure obtained by dividing the Rentable Square Feet of the Premises, as adjusted pursuant to Section 2.2, by the total Rentable Square Feet of the Building.

6.2.Calculation Methods and Adjustments.

6.2.1.1.Subject to the provisions of this Section 6.2, all calculations, determinations, allocations and decisions to be made hereunder with respect to Operating Expenses and Real Property Taxes shall be made on a triple net basis in accordance with the good faith determination of Landlord applying sound accounting and property management principles consistently applied which are consistent with Institutional Owner Practices. If the Project is not at least one hundred percent (100%) occupied during all or a portion of the any year, Landlord shall make an appropriate adjustment to the components of Operating Expenses for such year to determine the amount of Operating Expenses that would have been incurred had the Project been ninety-five percent (95%) occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year. Landlord shall have the right to equitably allocate some or all Operating Expenses among particular classes or groups of tenants in the Project or Building (for example, retail tenants) to reflect Landlord's good faith determination that measurably different amounts or types of services, work or benefits associated with Operating Expenses, as applicable, are being provided to or conferred upon such classes or groups. All discounts, reimbursements, rebates, refunds, or credits (collectively, "Reimbursements") attributable to Operating Expenses or Real Property Taxes received by Landlord in a particular year shall be deducted from Operating Expenses or Real Property Taxes, as applicable, in the year the same are received; provided, however, if such practice is consistent with Institutional Owner Practices, Landlord may treat Reimbursements generally (or under particular circumstances) on a different basis.

6.2.1.2.As of the date of this Lease, Tenant shall pay Additional Rent under this Article 6 based on the Operating Expenses and Real Property Taxes for the Project. If the Project at any time contains more than one building, Landlord shall have the right, from time to time, to equitably allocate some or all of the Operating Expenses and/or Real Property Taxes for the buildings comprising the Project among the Building and some or all of the other buildings of the Project. In such event, Landlord shall reasonably determine a method of allocating such Operating Expenses and/or Real Property Taxes attributable to the Building and/or such other building(s) of the Project to the Building and/or such other building(s) and Tenant shall be responsible for paying its proportionate share of such expense(s) which are allocated to the Building. Landlord shall also have the right, from time to time, to require Tenant to pay Tenant's Percentage of Operating Expenses and Real Property Taxes based solely on the Operating Expenses and Real Property Taxes for the Building.

6.3.Payment of Tenant's Percentage of Operating Expenses and Real Property Taxes. This shall be a triple net Lease and Basic Rent shall be paid to Landlord absolutely net of all costs and expenses, except as specifically provided to the contrary in this Lease. The provisions for payment of Tenant's Percentage of Operating Expenses and Tenant's Percentage of Real Property Taxes are intended to pass on to Tenant, and reimburse Landlord for, all costs and expenses of the nature described in Section 6.1 incurred in connection with the ownership, operation, management, insurance, maintenance and repair of the Project. For each calendar year of the Term, Tenant shall pay Tenant's Percentage of the Operating Expenses and Tenant's Percentage of the Real Property Taxes paid or incurred by Landlord for such year as Additional Rent. Tenant shall pay such amounts as follows:

6.3.1.1.**Estimate of Annual Operating Expenses and Real Property Taxes**. At the beginning of each calendar year, or as soon thereafter as practicable, Landlord shall deliver to Tenant a reasonable estimate ("Estimated Statement") of Tenant's Percentage of Operating Expenses and Tenant's Percentage of Real Property Taxes for the then current calendar year. Landlord may revise its estimates of Tenant's Percentage of Operating Expenses and Tenant's Percentage of Real Property Taxes for any year from time to time in its reasonable discretion, and upon receipt of a revised Estimated Statement, Tenant shall begin making payments under this Section 6.3.1 in accordance with such revised estimates. For each calendar year during the Term of this Lease, or portion thereof, Tenant shall pay to Landlord the estimated Tenant's Percentage of Operating Expenses and the estimated Tenant's Percentage of Real Property Taxes, as specified in the Estimated Statement. These estimated amounts shall be divided into twelve (12) equal monthly installments. Tenant shall pay to Landlord, concurrently with the regular monthly Basic Rent payment next due following the receipt of such an Estimated Statement, an amount equal to one monthly installment multiplied by the number of months from the commencement of the calendar year for which such estimates were prepared to the month of such payment, both months inclusive, less any amounts paid under this Section 6.3.1 after commencement of such calendar year based on the last Estimated Statement delivered by Landlord. Subsequent payments under this Section 6.3.1 shall be payable concurrently with the regular monthly Rent payments for the balance of that calendar year and shall continue until the next Estimated Statement is delivered by Landlord. Failure of Landlord to deliver an Estimated Statement for any calendar year shall not relieve Tenant of its obligation to make estimated payments of Tenant's Percentage of Operating Expenses and Tenant's Percentage of Real Property Taxes under this Section 6.3.1.

6.3.1.2.**Annual Reconciliation**. At the end of each calendar year or as soon thereafter as practicable Landlord shall deliver to Tenant a statement ("Annual Reconciliation") of (a) the actual annual Operating Expenses and Tenant's Percentage of Operating Expenses for the preceding year, and (b) the actual annual Real Property Taxes and Tenant's Percentage of Real Property Taxes for the preceding year. If for any year, the sum of Tenant's Percentage of Operating Expenses and Tenant's Percentage of Real Property Taxes (as specified in the Annual Reconciliation) is less than the total amount of the estimated payments made by Tenant under Section 6.3.1 above for such year, then any such overpayment, or overpayments, shall be credited toward the monthly Rent next falling due after determination by Landlord of such overpayment or overpayments and shall be paid to Tenant in a lump sum for periods after the expiration of the Term. Similarly, if for any year, the sum of Tenant's Percentage of Operating Expenses and Tenant's Percentage of Real Property Taxes (as specified in the Annual Reconciliation) is more than the total amount of the estimated payments made by Tenant under Section 6.3.1 above for such year, then any such underpayment, or underpayments, shall be paid by Tenant to Landlord concurrently with the next regular monthly Basic Rent payment coming due after Tenant's receipt of the Annual Reconciliation (or if the Term shall have expired or terminated, within thirty (30) days following Tenant's receipt of such Annual Reconciliation).

6.3.1.3.**Survival of Reconciliation.** Even though the Term shall have expired and Tenant shall have vacated the Premises, when the final determination of Tenant's Percentage of actual annual Operating Expenses, and/or of Tenant's Percentage of actual annual Real Property Taxes, for the year in which this Lease terminates is delivered to Tenant, (a) Tenant shall immediately pay any amounts payable to Landlord under Section 6.3.2 above (as a result of any underpayments by Tenant under Section 6.3.1 above), and/or (b) conversely, Landlord shall promptly rebate any amounts payable to Tenant under Section 6.3.2 (as a result of any overpayments under Section 6.3.1 above) provided that no Tenant Default existed at the expiration or earlier termination of this Lease.

6.4.Review of Annual Reconciliation. Provided that Tenant is not then in default with respect to its obligations under this Lease and provided further that Tenant strictly complies with the provisions of this Section 6.4, Tenant shall have the right, at Tenant's sole cost and expense and upon thirty (30) days prior Notice ("Review Notice") to Landlord delivered no later than sixty (60) days after an Annual Reconciliation is delivered to Tenant, to reasonably review or audit Landlord's supporting books and records (at Landlord's manager's corporate offices) for any portion of the Operating Expenses or Real Property Taxes for the particular year covered by such Annual Reconciliation, in accordance with the procedures set forth in this Section 6.4. To the extent that any amounts specified in such Annual Reconciliation were not previously paid, Tenant shall pay all such amounts to Landlord simultaneously with Tenant's delivery the Review Notice. Any review or audit of records under this Section 6.4 shall be at the sole expense of Tenant, shall be conducted by independent certified public accountants of national standing which are not compensated on a contingency fee or similar basis relating to the results of such review or audit and shall be completed within sixty (60) days after Landlord provides Tenant with access to Landlord's supporting books and records. Tenant shall, within thirty (30) days after completion of any such review or audit, deliver Notice to Landlord specifying the items described in the Annual Reconciliation that are claimed to be incorrect by such review or audit ("Dispute Notice"). The right of Tenant under this Section 6.4 may only be exercised once for each year covered by any Annual Reconciliation, and if Tenant fails to deliver a Review Notice within the sixty (60) day period described above or a Dispute Notice within the thirty (30) day period described above, or if Tenant fails to meet any of the other above conditions of exercise of such right, the right of Tenant to review or audit a particular Annual Reconciliation (and all of Tenant's rights to make any claim relating thereto) under this Section 6.4 shall automatically be deemed waived by Tenant. Tenant acknowledges and agrees that any records of Landlord reviewed or audited under this Section 6.4 (and the information contained therein) constitute confidential information of Landlord, which shall not be disclosed other than to Tenant's accountants performing the review or audit and principals of Tenant who receive the results of the review or audit. If Landlord disagrees with Tenant's contention that an error exists with respect to the Annual Reconciliation in dispute, Landlord shall have the right to cause another review or audit of that portion of the Annual Reconciliation to be made by a firm of independent certified public accountants of national standing selected by Landlord ("Landlord's Accountant"). In the event of a disagreement between the two accounting firms, the review or audit of Landlord's Accountant shall be deemed to be correct and shall be conclusively binding on both Landlord and Tenant. In the event that it is finally determined pursuant to this Section 6.4that a particular Annual Reconciliation overstated amounts payable by Tenant under this Article 6 with respect to the applicable year by more than five percent (5%), Landlord shall reimburse Tenant for the reasonable costs of Tenant's accountant and Landlord shall be liable for the costs of Landlord's Accountant. In all other cases, Tenant shall reimburse Landlord for the reasonable costs of Landlord's Accountant.

7.

SECURITY DEPOSIT

7.1.Security Deposit. Tenant shall deposit with Landlord, upon delivery to Landlord of a copy of this Lease executed by Tenant, the Security Deposit designated in Section 1.14. Said sum shall be held by Landlord as security for the full and faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the Term hereof and any extension hereof. Landlord shall have the right, but not the obligation, to apply all or any portion of the Security Deposit for the payment of Rent or any other sum due hereunder, to cure any default by Tenant of its obligations with respect to the restoration and surrender of the Premises or to cure any Tenant Default at any time, in which event Tenant shall be obligated to restore the Security Deposit to its original amount within ten (10) business days, and Tenant's failure to do so shall be deemed to be a Default under this Lease. Tenant hereby irrevocably waives and relinquishes any and all rights, benefits, or protections, if any, Tenant now has, or in the future may have, under Section 1950.7 of the California Civil Code, any successor statute, and all other provisions of law, now or hereafter in effect, including, but not limited to, any provision of law which: (a) establishes the time frame by which a landlord must refund a security deposit under a lease, or (b) provides that a 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 a tenant, or to clean the subject premises. Tenant acknowledges and agrees that: (i) any statutory time frames for the return of a security deposit are superseded by the express period identified in this Section 7.1 and (ii) rather than be so limited, Landlord may claim from the Security Deposit: (A) any and all sums expressly identified in this Section 7.1, and (B) any additional sums reasonably necessary to compensate Landlord for any and all losses or damages caused by Tenant's default of this Lease, including, but not limited to, all damages or Rent due upon termination of this Lease pursuant to Section 1951.2 of the California Civil Code, as amended and recodified from time to time. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such Security Deposit. Within thirty (30) days following the expiration of the Term, Landlord shall (provided that Tenant is not in Default under this Lease) return the Security Deposit to Tenant, less such portion as Landlord shall have applied in accordance with this Section 7.1. Should Landlord sell its interest in the Premises during the Term hereof and if Landlord deposits with (or gives a credit to) the purchaser thereof the then balance of the Security Deposit held by Landlord, Landlord shall be released from any further liability with respect to the Security Deposit.

7.2.Letter of Credit. If at any time during the Term (a) the balance of Tenant's cash, cash equivalents and Eligible Investments (as defined below) is less than One Hundred Million Dollars ($100,000,000.00) or (b) Tenant is unable to continue as a going concern, as each is determined by Tenant's audited financial statements and/or disclosed by any of Tenant's SEC filings (including, without limitation, any 10-Q or 10-K), Tenant shall immediately deliver Notice thereof to Landlord and, within ten (10) business days thereafter, Tenant shall deposit with Landlord the Letter of Credit (as defined in Exhibit "D-2") in the Letter of Credit Amount as set forth in Section 1.14 above. As used herein, "Eligible Investments" mean U.S. government obligations, corporate obligations, bank instruments, FDIC-backed bank debt and U.S. treasury and U.S. government agency institutional money market funds. The Letter of Credit shall comply with the requirements of Exhibit "D-2"attached hereto and incorporated by reference herein. If Tenant fails to provide such Letter of Credit within the ten (10) business day period set forth above, such failure shall be deemed a Tenant Default, without notice or opportunity to cure. If the Letter of Credit is delivered to Landlord as required under this Section 7.2, and subsequent to such delivery, (i) the balance of Tenant's cash, cash equivalents and Eligible Investments exceeds One Hundred Million Dollars ($100,000,000.00) and (ii) Tenant confirms its ability to continue as a going concern, as each is determined by Tenant's audited financial statements and/or Tenant's SEC filings, Landlord shall return the Letter of Credit to Tenant within thirty (30) days after Tenant's written request therefor.

8.

USE

8.1.General. Tenant shall use the Premises for the Permitted Use set forth in Section 1.16 above, and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Landlord. Nothing contained herein shall be deemed to give Tenant any exclusive right to such use in the Project or any portion thereof (excluding only the Premises).

8.2.Laws/CC&R's.

8.2.1.1.Tenant shall not use or occupy the Premises in violation of any applicable laws, regulations, rules, orders, statutes or ordinances of any Governmental Authority, office, board or private entity in effect on or after the Effective Date and applicable to the Project or the use or occupancy of the Project, including, without limitation, the rules, regulations and requirements of the Pacific Fire Rating Bureau, and of any similar body, the Americans with Disabilities Act (42 U.S.C. Section 12101 et seq.) ("ADA") and Hazardous Material Laws (as defined in Section 8.3.7 below) (collectively, "Laws") or in violation of any government-issued permit for the Building or Project or any of the Rules and Regulations (as defined below), and shall, upon Notice from Landlord, discontinue any use of the Premises which is declared by any Governmental Authority having jurisdiction to be a violation of any Laws, or of any government-issued permit for the Building or Project. Tenant shall cause the Premises to comply with all applicable Laws and shall comply with any direction of any Governmental Authority having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any obligation (including, but not limited to, any obligation imposed pursuant to the ADA), upon Tenant or Landlord with respect to the Premises or with respect to the use or occupancy thereof; provided, however, unless resulting from an Alteration performed by Tenant or by Tenant's specific use of the Premises (as opposed to general office and laboratory/research and development use), Tenant shall not be responsible for any obligation imposed by the ADA after completion of the initial Tenant Improvements with respect to the Common Areas of the Building and the Premises (except its prorata share of compliance costs included in Operating Expenses). Tenant shall comply with all rules, orders, regulations and requirements of the Pacific Fire Rating Bureau or any other organization performing a similar function. Tenant shall not do or permit to be done in or about the Premises anything which causes the insurance on the Premises, the Building or the Project or any portion thereof to be canceled or the cost thereof increased. Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for any insurance policy by reason of Tenant's failure to comply with the provisions of this Section 8.2. In determining whether increased premiums are a result of Tenant's use of the Premises, a schedule issued by the organization computing the insurance rate on the Project or the Tenant Improvements showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate. Tenant shall promptly comply with all reasonable requirements of the insurance authority or any present or future insurer relating to the Premises. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of Landlord or other tenants or occupants of the Building, the Parking Area or the Project, or injure or unreasonably annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in or about the Premises or the Project. Tenant shall comply with all restrictive covenants and obligations created by private contracts that affect the use and operation of the Premises, the Building, the Common Areas or any other portion of the Project. Tenant shall not commit or suffer to be committed any waste in or upon the Premises or the Project and shall keep the Premises in first class repair and appearance. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business in the Premises, Tenant, at its expense, shall procure, maintain and comply with the terms and conditions of each such license or permit.

- Without limiting the generality of the foregoing:

8.2.1.1.1.Landlord and Tenant agree to cooperate, and Tenant shall use its commercially reasonable efforts to participate in governmentally mandated regulations applicable to businesses located in the area or to the Project. Neither this Section 8.2.1(A) nor any other provision of this Lease, however, is intended to or shall create any rights or benefits in any other person, firm, company, Governmental Authority or the public.

8.2.1.1.2.Landlord and Tenant agree to cooperate and comply with any and all guidelines or controls imposed upon either Landlord or Tenant by any Governmental Authority.

8.2.1.1.3.All costs, fees, assessments and other charges paid by Landlord to any Governmental Authority in connection with any program of the types described in Sections 8.2.1(A) and 8.2.1(B) above, and all costs and fees paid by Landlord to any Governmental Authority or third party pursuant to or to effect such program, shall be included in Operating Expenses for the purposes of Article 6, whether or not specifically listed in such Article 6.

8.2.1.1.4.Tenant shall be liable for all penalties, noncompliance costs or other losses, costs or expenses incurred by Landlord primarily as a result of Tenant's failure to comply with any of the provisions of Sections 8.2.1(A)through 8.2.1(C) above. Any such amount shall be payable by Tenant to Landlord within ten (10) business days after Landlord's demand therefor as Additional Rent. Failure of Tenant to pay any amount due pursuant to this Section 8.2.1(D) when due shall be deemed a Tenant Default pursuant to this Lease.

8.2.1.2.Tenant shall be responsible for all structural engineering required to determine structural load for any of Tenant's furniture, fixtures, equipment, other personal property, Alterations and Tenant Improvements; provided that Landlord reserves the right to prescribe the weight and position of all file cabinets, safes and heavy equipment which Tenant desires to place in the Premises so as to properly distribute the weight thereof. Further, Tenant's business machines and mechanical equipment which cause vibration or noise that may be transmitted to the Building structure or to any other space in the Building shall be so installed, maintained and used by Tenant as to eliminate such vibration or noise.

8.3.Hazardous Materials.

8.3.1.1.Tenant shall not cause or permit any Hazardous Materials (as defined in Section 8.3.7 below) to be brought upon, kept or used in or about the Premises, the Building or the Project in violation of applicable Laws by Tenant or any of its employees, agents, representatives, contractors or invitees (collectively with Tenant, each a "Tenant Party"). If (a) Tenant breaches such obligation, (b) the presence of Hazardous Materials as a result of such a breach results in contamination of the Project, any portion thereof, or any adjacent property, (c) contamination of the Premises otherwise occurs during the Term or any extension or renewal hereof or holding over hereunder or (d) contamination of the Project occurs as a result of Hazardous Materials that are placed on or under or are released into the Project by a Tenant Party, then Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnified Parties (as defined in Section 22.1.2 below) harmless from and against any and all Claims (as defined in Article 20 below) of any kind or nature, including (i) diminution in value of the Project or any portion thereof, (ii) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Project, (iii) damages arising from any adverse impact on marketing of space in the Project or any portion thereof and (iv) sums paid in settlement of Claims that arise before, during or after the Term as a result of such breach or contamination. This indemnification by Tenant includes costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any Governmental Authority because of Hazardous Materials present in the air, soil or groundwater above, on, under or about the Project. Without limiting the foregoing, if the presence of any Hazardous Materials in, on, under or about the Project, any portion thereof or any adjacent property caused or permitted by any Tenant Party results in any contamination of the Project, any portion thereof or any adjacent property, then Tenant shall promptly take all actions at its sole cost and expense as are necessary to return the Project, any portion thereof or any adjacent property to its respective condition existing prior to the time of such contamination; provided that Landlord's written approval of such action shall first be obtained, which approval Landlord shall not unreasonably withhold; and provided, further, that it shall be reasonable for Landlord to withhold its consent if such actions could have a material adverse long-term or short-term effect on the Project, any portion thereof or any adjacent property. Tenant's obligations under this Section shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation.

8.3.1.2.Landlord acknowledges that it is not the intent of this Article to prohibit Tenant from operating its business for the Permitted Use. Tenant may operate its business according to the custom of Tenant's industry so long as the use or presence of Hazardous Materials is strictly and properly monitored in accordance with applicable Laws. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord (a) a list identifying each type of Hazardous Material to be present at the Premises that is subject to regulation under any environmental applicable Laws (other than customary quantities of typical office and cleaning supplies, provided no permits or approvals from, and no notice or disclosure to, any Governmental Authorities is required in connection with the presence of such supplies at the Premises), (b) a list of any and all approvals or permits from Governmental Authorities required in connection with the presence of such Hazardous Material at the Premises and (c) correct and complete copies of (i) notices of violations of applicable Laws related to Hazardous Materials and (ii) plans relating to the installation of any storage tanks to be installed in, on, under or about the Project (provided that installation of storage tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent Landlord may withhold in its sole and absolute discretion) and closure plans or any other documents required by any and all Governmental Authorities for any storage tanks installed in, on, under or about the Project for the closure of any such storage tanks (collectively, "Hazardous Materials Documents"). Tenant shall deliver to Landlord updated Hazardous Materials Documents, within fourteen (14) days after receipt of a written request therefor from Landlord, not more often than once per year, unless (m) there are any changes to the Hazardous Materials Documents or (n) Tenant initiates any Alterations or changes its business, in either case in a way that involves any material increase in the types or amounts of Hazardous Materials. For each type of Hazardous Material listed, the Hazardous Materials Documents shall include (t) the chemical name, (u) the material state (e.g., solid, liquid, gas or cryogen), (v) the concentration, (w) the storage amount and storage condition (e.g., in cabinets or not in cabinets), (x) the use amount and use condition (e.g., open use or closed use), (y) the location (e.g., room number or other identification) and (z) if known, the chemical abstract service number. Notwithstanding anything in this Section to the contrary, Tenant shall not be required to provide Landlord with any Hazardous Materials Documents containing information of a proprietary nature, which Hazardous Materials Documents, in and of themselves, do not contain a reference to any Hazardous Materials or activities related to Hazardous Materials. Landlord may, at Landlord's expense, cause the Hazardous Materials Documents to be reviewed by a person or firm qualified to analyze Hazardous Materials to confirm compliance with the provisions of this Lease and with applicable Laws. In the event that a review of the Hazardous Materials Documents indicates non-compliance with this Lease or applicable Laws, Tenant shall, at its expense, diligently take steps to bring its storage and use of Hazardous Materials into compliance. Notwithstanding anything in this Lease to the contrary or Landlord's review into Tenant's Hazardous Materials Documents or use or disposal of hazardous materials, however, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of Hazardous Materials, it being acknowledged by Tenant that Tenant is best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

8.3.1.3.At any time, and from time to time, Landlord shall have the right to conduct appropriate tests of the Project or any portion thereof to demonstrate that Hazardous Materials are present or that contamination has occurred due to the acts or omissions of a Tenant Party. Tenant shall pay all reasonable costs of such tests if such tests reveal that Hazardous Materials exist at the Project in violation of Tenant's obligations under this Lease.

8.3.1.4.Tenant shall not install or utilize any underground or other storage tanks storing Hazardous Materials on the Premises without Landlord's prior written consent, which consent may be withheld in Landlord's sole and absolute discretion. Subject to the foregoing, if underground or other storage tanks storing Hazardous Materials installed or utilized by Tenant are located on the Premises, or are hereafter placed on the Premises by Tenant (or by any other party, if such storage tanks are utilized by Tenant), then Tenant shall monitor the storage tanks, maintain appropriate records, implement reporting procedures, properly close any underground storage tanks, and take or cause to be taken all other steps necessary or required under the applicable Laws.

8.3.1.5.Tenant shall promptly report to Landlord any actual or suspected presence of mold or water intrusion at the Premises.

8.3.1.6.Tenant's obligations under this Section 8.3 shall survive the expiration or earlier termination of the Lease. During any period of time needed by Tenant or Landlord after the termination of this Lease to complete the removal from the Premises of any Hazardous Materials, Tenant shall be deemed a holdover tenant and subject to the provisions of Section 8.3.

8.3.1.7.As used in this Lease, the term "Hazardous Material" means any toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous substance, material or waste that is or becomes regulated by applicable Laws or any Governmental Authority, and the term "Hazardous Material Laws" means and includes all now and hereafter existing statutes, laws, ordinances, codes, regulations, rules, rulings, orders, decrees, directives, policies and requirements by any federal, state or local governmental authority regulating, relating to, or imposing liability or standards of conduct concerning public health and safety, the environment or any Hazardous Material, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.), Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901 et seq.), and California Health and Safety Code (Sections 25100, 25249.5, 25316 and 39000, et seq. in each case).

8.3.1.8.Notwithstanding anything to the contrary in this Lease, Landlord shall have sole control over the equitable allocation of control areas (as defined in the California Building Standards Code) within the Project for the storage of Hazardous Materials. Without limiting the foregoing, if the use of Hazardous Materials by Tenant is such that Tenant utilizes fire control areas in the Project in excess of Tenant's Percentage, then Tenant shall, at its sole cost and expense and upon Landlord's written request, establish and maintain a separate area of the Premises classified by the California Building Standards Code as a "Group H" occupancy area for the use and storage of Hazardous Materials, or take such other action as is necessary to ensure that its share of the fire control areas of the Building and the Project is not greater than Tenant's Percentage. Notwithstanding anything in this Lease to the contrary, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of fire control areas, it being acknowledged by Tenant that Tenant and other tenants are best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

8.4.Odors and Exhaust. Tenant acknowledges that Landlord would not enter into this Lease with Tenant unless Tenant assured Landlord that under no circumstances will any other occupants of the Building or the Project (including persons legally present in any outdoor areas of the Project) be subjected to odors or fumes (whether or not noxious), and that the Building and the Project will not be damaged by any exhaust, in each case from Tenant's operations. Landlord and Tenant therefore agree as follows:

8.4.1.1.Tenant shall not cause or permit (or conduct any activities that would cause) any release of any odors or fumes of any kind from the Premises.

8.4.1.2.If the Building has a ventilation system that, in Landlord's judgment, is adequate, suitable, and appropriate to vent the Premises in a manner that does not release odors affecting any indoor or outdoor part of the Project, Tenant shall vent the Premises through such system. If Landlord at any time determines that any existing ventilation system is inadequate, or if no ventilation system exists, Tenant shall in compliance with applicable Laws vent all fumes and odors from the Premises (and remove odors from Tenant's exhaust stream) as Landlord requires. The placement and configuration of all ventilation exhaust pipes, louvers and other equipment shall be subject to Landlord's approval. Tenant acknowledges Landlord's legitimate desire to maintain the Project (indoor and outdoor areas) in an odor-free manner, and Landlord may require Tenant to abate and remove all odors in a manner that goes beyond the requirements of applicable Laws.

8.4.1.3.Tenant shall, at Tenant's sole cost and expense, provide odor eliminators and other devices (such as filters, air cleaners, scrubbers and whatever other equipment may in Landlord's judgment be necessary or appropriate from time to time) to completely remove, eliminate and abate any odors, fumes or other substances in Tenant's exhaust stream that, in Landlord's judgment, emanate from Tenant's Premises. Any work Tenant performs under this Section shall constitute Alterations.

8.4.1.4.Tenant's responsibility to remove, eliminate and abate odors, fumes and exhaust shall continue throughout the Term. Landlord's construction of the Tenant Improvements shall not preclude Landlord from requiring additional measures to eliminate odors, fumes and other adverse impacts of Tenant's exhaust stream (as Landlord may designate in Landlord's discretion). Tenant shall install additional equipment as Landlord requires from time to time under the preceding sentence. Such installations shall constitute Alterations.

8.4.1.5.If Tenant fails to install satisfactory odor control equipment within ten (10) business days after Landlord's demand made at any time, then Landlord may, without limiting Landlord's other rights and remedies, require Tenant to cease and suspend any operations in the Premises that, in Landlord's determination, cause odors, fumes or exhaust. For example, if Landlord determines that Tenant's production of a certain type of product causes odors, fumes or exhaust, and Tenant does not install satisfactory odor control equipment within ten (10) business days after Landlord's request, then Landlord may require Tenant to stop producing such type of product in the Premises unless and until Tenant has installed odor control equipment satisfactory to Landlord.

9.

MOLD

Tenant agrees to maintain the Premises in a manner that prevents the occurrence of an infestation of mold, mildew, microbial growths, and any associated mycotoxins in the Premises, and shall comply, at a minimum, with the following: (a) subject to the terms and conditions of Article 20, Article 21 and Section 22.4 below, Tenant agrees to immediately fix/abate any water intrusion in the Premises, except to the extent caused by Landlord, another tenant or any third party not within Tenant's control, or to the extent such water intrusion is caused by an event within Landlord's express maintenance and repair obligations under this Lease; (b) Tenant agrees to use all reasonable care to close all windows and other openings in the Premises to prevent outdoor water from penetrating into the interior unit; (c) Tenant agrees to clean and dry any visible moisture on windows, walls, and other surfaces, including personal property, as soon as reasonably possible; (d) Tenant agrees to keep the Premises free of dirt and debris that could reasonably be expected to harbor mold; (e) Tenant agrees to regularly clean and sanitize kitchens and other surfaces within the Premises where water, moisture condensation, and mold can collect; (f) Tenant agrees not to interfere with regular air flow and circulation throughout the Premises; (g) Tenant agrees to limit the indoor watering of plants; (h) Tenant agrees to prevent the overflow or release of water from bathrooms or kitchens, including but not limited to toilets, sinks, kitchen appliances, and other receptacles of water; (i) Tenant agrees not to obstruct fresh air supply to furnace, air conditioner or heater ducts; (j) Tenant agrees to maintain and not obstruct ventilation at all locations in the Premises; (k) Tenant agrees to use commercially reasonable efforts to prevent the clogging of all plumbing within the Premises; (l) Tenant agrees not to engage in any conduct that could reasonably be expected to promote or create mold growth; (m) Tenant agrees to report within forty-eight (48) hours the following to Landlord to the extent Tenant has actual knowledge thereof: (i) any non-working fan, heater, air conditioner or ventilation system; (ii) plumbing leaks, drips, sweating pipes, wet spots; (iii) overflows from bathroom, kitchen, or other facilities, including, but not limited to, tubs, showers, shower enclosures, toilets, sinks, kitchen appliances, or other receptacles of water, especially in cases where the overflow may have permeated walls, floors, ceilings or fixtures; (iv) water intrusion of any kind; (v) any mold or black or brown spots or moisture on surfaces inside the Premises; (vi) broken plumbing systems or standing water near structures within the Premises; and (vii) any odors consistent with mold growth within the Premises. Tenant agrees not to commence any mold investigation, testing, remediation or repair without first obtaining the prior written consent of Landlord which shall not be unreasonably withheld, conditioned or delayed. If Landlord consents to any mold investigation, remediation or repair by Tenant, Tenant agrees to not use any methods of mold investigation, testing, remediation and repair that are speculative and not generally accepted within the scientific community, and Landlord reserves the right to approve any and all third parties retained by Tenant to conduct any such mold investigation, testing, remediation and repair. As of the Effective Date such speculative and generally unaccepted methods of investigation, testing, remediation and repair include: (A) any use of settled dust vacuum sampling; (B) any use of interior wall cavity air sampling; (C) Tenant's use of do-it-yourself mold investigation kits; and (D) use of any other methods that have not been peer reviewed and generally accepted within the scientific community.

10.

NOTICES

10.1.Method of Delivery. Any notice, consent, approval or objection required or permitted by this Lease (a "Notice") shall be in writing and may be delivered: (a) in person (by hand or by messenger or courier service) or (b) by certified or registered mail or United States Postal Service Express Mail, with postage prepaid, or (c) by a nationally recognized overnight delivery service that provides delivery verification, or (d) by facsimile transmission, addressed to Tenant at the Premises and to Landlord at each of the addresses designated in Section 1.2, and shall be deemed sufficiently given if served in a manner specified in this Article 10. Either party may specify a different address for Notice purposes by Notice to the other.

10.2.Receipt of Notices. Any Notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. Notices delivered by United States Postal Service Express Mail or overnight delivery service that guarantees next day delivery shall be deemed given on the next business day after delivery of the same to the United States Postal Service or overnight delivery service. If any Notice is transmitted by facsimile transmission or similar means, the same shall be deemed served or delivered upon telephone confirmation of receipt of the transmission thereof, provided a copy is also delivered on or before the next business day via one of the methods in Section 10.1(a)-(c)above. If any Notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

10.3.Statutory Service of Notice. When a statute permits, or requires, service of a notice in a particular manner, service of that notice (or a similar Notice permitted, or required, by this Lease) in the manner permitted, or required, by this Article 10 shall replace and satisfy the statutory service-of-notice procedures, including, but not limited to, those required by California Code of Civil Procedure Section 1162, or any similar or successor statute.

11.

BROKERS

Tenant warrants that it has had no dealings with any real estate broker, finder or agent in connection with the negotiation of this Lease except for the broker(s) whose name(s) is (are) set forth in Section 1.16, whose commission shall be payable by Landlord pursuant to one or more separate agreements, and that it knows of no other real estate broker, finder or agent who is or might be entitled to a commission in connection with this Lease. Tenant shall be solely responsible for the payment of any fee due to any other broker, finder, agent or other party claiming under Tenant, and shall hold Landlord free and harmless against any liability in respect thereto, including attorneys' fees and costs incurred by Landlord in connection therewith.

12.

HOLDING OVER

If Tenant holds over after the expiration or earlier termination of the Term hereof without the express written consent of Landlord, Tenant shall become a Tenant at sufferance, at a Basic Rent equal to one hundred fifty percent (150%) of the Rent payable during the last month of the Term, and otherwise subject to the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of Rent after such expiration or earlier termination without Landlord's prior written consent shall not waive Landlord's right to evict Tenant without thirty (30) days prior written notice. The foregoing provisions of this Article 12are in addition to and do not affect Landlord's right of reentry or any rights of Landlord hereunder or as otherwise provided by law. If Tenant fails to surrender the Premises upon the expiration or earlier termination of this Lease, Tenant shall indemnify, defend and hold Landlord harmless from all Claims, including, without limitation, any claim made by any succeeding tenant founded on or resulting from such failure to surrender, lost profits and other consequential damages, and any and all attorneys' fees and costs incurred by Landlord in connection Tenant's failure to surrender the Premises in accordance with the provisions of this Lease on the expiration or earlier termination of this Lease.

13.

TAXES ON TENANT'S PROPERTY

13.1.Personal Property and Fixtures. Tenant shall be liable for and shall pay before delinquency, all taxes levied against any of Tenant's Personal Property (defined below) placed by Tenant or any Tenant Party in or about the Premises. If any such taxes on Tenant's Personal Property are levied against Landlord or Landlord's property, or if the assessed value of the Premises, Building or Project is increased by the inclusion therein of a value placed upon such Tenant's Personal Property, and if Landlord, after Notice to Tenant, pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof (but only under proper protest if so requested by Tenant), Tenant shall, upon demand, repay to Landlord the taxes so levied against Landlord, or the portion of such taxes resulting from such increase in the assessment.

13.2.Tenant Improvements. If any Alterations installed in the Premises by or on behalf of Tenant are assessed for real property tax purposes at a valuation higher than the valuation at which the initial Tenant Improvements are assessed, then the real property taxes and assessments levied against the Building or Project by reason of such excess assessed valuation shall be deemed to be taxes levied against Tenant's Personal Property and shall be governed by the provisions of Section 13.1 above. If the records of the County Assessor are available and sufficiently detailed to serve as a basis for determining whether the Alterations are assessed at a higher valuation than the Tenant Improvements, such records shall be binding on both Landlord and Tenant. If the records of the County Assessor are not available or sufficiently detailed to serve as a basis for making said determination, the actual cost of construction shall be used.

13.3.Additional Taxes. Tenant shall pay to Landlord, within ten (10) business days of Landlord's demand therefor, and in such manner and at such times as Landlord shall direct from time to time by written notice to Tenant, any excise, sales, privilege or other tax, assessment or other charge (other than income or franchise taxes) imposed, assessed or levied by any Governmental Authority upon Landlord on account of: (a) the Rent payable by Tenant hereunder (or any other benefit received by Landlord hereunder), including, without limitation, any gross receipts tax, license fee or excise tax levied by any Governmental Authority, (b) this Lease, Landlord's business as a lessor hereunder, and the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of any portion of the Premises (including, without limitation, any applicable possessory interest taxes), (c) this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises, or (d) otherwise in respect of or as a result of the agreement or relationship of Landlord and Tenant hereunder.

14.

CONDITION OF PREMISES

Tenant acknowledges and agrees that: (a) Tenant has inspected the Project, the Building and the Premises and accepts them in their "AS IS, WHERE IS" condition, (b) neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises, the Building, the Parking Area or any other portion of the Project or with respect to the condition thereof or the suitability of the same for the conduct of Tenant's business, (c) except as expressly provided in the Work Letter Agreement and Section 16.2 below, Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, or any portion of the Building or Project and (d) except as expressly provided in this Lease, Landlord shall have no obligation to provide Tenant with any allowance, rent credit or abatement in connection with Tenant's entering into this Lease. The taking of possession of the Premises by Tenant shall conclusively establish that the Project, the Building and the Premises were at such time in good order and clean condition and that Landlord shall have discharged all of its obligations under the Work Letter Agreement (other than the obligation to complete punch list items), and the execution of this Lease by Tenant shall conclusively establish that the Premises, the Building, the Project and the Parking Area were in good and sanitary order, condition and repair at such time, except for latent defects, if any. Without limiting the foregoing, Tenant's execution of the Memorandum of Terms shall constitute a specific acknowledgment and acceptance of the various start-up inconveniences that may be associated with the use of the Building, the Parking Area and other portions of the Project, such as certain construction obstacles (e.g., scaffolding), delays in use of freight elevator service, unavailability of certain elevators for Tenant's use, uneven air-conditioning services and other typical conditions incident to recently constructed (or recently modified) office and laboratory/research and development buildings. Tenant (for itself and all other claiming through Tenant) hereby irrevocably waives and releases its right to terminate this Lease under Section 1932(l) of the California Civil Code.

15.

ALTERATIONS

15.1.Alterations and Major Alterations. Except for Permitted Alterations, Tenant shall make no alterations, additions, or improvements in or to the Premises (collectively, the "Alterations") without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed for all Alterations other than Major Alterations (which shall be granted in Landlord's sole discretion), and then only by licensed contractors or mechanics approved by Landlord in writing, which approval shall not be unreasonably withheld, conditioned or delayed (provided that any contractors performing any Major Alterations shall be subject to approval by Landlord in its sole and absolute discretion). Tenant shall submit to Landlord plans and specifications for any proposed Alterations to the Premises, and may not make such Alterations until Landlord has approved such plans and specifications and the contractor performing any Alterations in writing. Tenant shall construct such Alterations in accordance with the plans and specifications approved by Landlord and in compliance with all applicable Laws, and shall not amend or modify such plans and specifications without Landlord's prior written consent. If any proposed Alterations require the consent or approval of any lessor of a superior lease or the holder of a mortgage encumbering the Premises, Tenant acknowledges that such consent or approval must be secured prior to the construction of such Alterations. Tenant agrees not to construct or erect partitions or other obstructions that might interfere with Landlord's free access to mechanical installations or service facilities of the Building or interfere with the moving of Landlord's equipment to or from the enclosures containing said installations or facilities. All Alterations shall be done at such times and in such manner as Landlord may from time to time reasonably designate. Tenant will pay the entire cost and expense of all Alterations, including, without limitation, for any painting, restoring or repairing of the Premises or the Building necessitated by the Alterations, and Landlord's actual out-of-pocket third party review and Landlord's supervision fee in an amount equal to five percent (5%) of the cost of the Alterations in question (except for Permitted Alterations). Tenant will also obtain and/or require: (a) builder's "all-risk" insurance (or the equivalent thereof) in an amount at least equal to the replacement value of the Alterations; (b) liability insurance insuring Tenant and each of Tenant's contractors against construction related risks in at least the form, amounts and coverage required of Tenant under Article 22; and (c) if requested by Landlord, demolition (if applicable) and payment and performance bonds in an amount not less than the full cost of the Alterations. The insurance policies described in clause (b) of this Section 15.1 must name Landlord, Landlord's lender (if any), Bioscience Properties, Inc. ("Property Manager") and other parties reasonably requested by Landlord as additional insureds, specifically including completed operations. Tenant covenants and agrees that all Alterations done by Tenant shall be performed in full compliance with all Laws. If any Governmental Authority requires any alterations or modifications to the Building or the Premises as a result of Tenant's Permitted Use of the Premises or as a result of any Alteration to the Premises made by or on behalf of Tenant, Tenant will pay the cost of all such alterations or modifications. If any such Alterations involve any modifications to (i) the structural portions of the Building, (ii) the mechanical, electrical, plumbing, fire/life safety or heating, ventilating and air conditioning systems of the

Building (collectively, "Building Systems") or (iii) any portion of the Building outside of the interior of the Premises (a "Major Alteration"), it shall be reasonable for Landlord to withhold its consent to any such Major Alterations and it shall be reasonable for Landlord to condition its consent to any Major Alterations on Landlord making the Major Alterations, provided that Landlord may first require Tenant to deposit with Landlord an amount sufficient to pay the cost of the Major Alterations (including, without limitation, reasonable overhead, administrative costs and profit). Before commencing any work, Tenant shall give Landlord at least ten (10) days' Notice of the proposed commencement of such work and shall, if required by Landlord, deliver a copy of the completion and payment bond required by Landlord in form, substance and amount satisfactory to Landlord. "Permitted Alterations" means only usual and customary maintenance and repairs of Leasehold Improvements if and to the extent that such maintenance and repairs: (A) are of a type and extent which are customarily permitted to be made without consent by landlords acting consistently with Institutional Owner Practices leasing similar space for similar uses to similar tenants, (B) are in compliance with the Rules and Regulations and all applicable Laws, (C) are not Major Alterations, and (D) do not cost more than Fifty Thousand and 00/100 Dollars ($50,000.00) in each instance.

15.2.Removal of Alterations and Tenant's Personal Property. The Tenant Improvements together with all Alterations upon the Premises made by Tenant after the Commencement Date, including, without limitation, all wall coverings, built-in cabinet work, paneling and the like (collectively, "Leasehold Improvements"), shall, at Landlord's election, either be removed by Tenant or shall become the property of Landlord and shall remain upon, and be surrendered with, the Premises at the end of the Term hereof; provided, however, that if Landlord, by Notice to Tenant given at the time Landlord approves any Alteration, requires Tenant to remove any such Leasehold Improvements, Tenant shall repair all damage resulting from such removal or, at Landlord's option, shall pay to Landlord the cost of such removal, as reasonably estimated by Landlord, prior to the expiration of the Term of this Lease. All articles of personal property and all business and trade fixtures, cabling, machinery and equipment, furniture and movable partitions owned by Tenant or any other Tenant Party or that are installed by or for Tenant or any other Tenant Party at its expense in the Premises (collectively, "Tenant's Personal Property") shall be and remain the property of Tenant and shall be removed by Tenant prior to the expiration of the Term, and Tenant shall repair all damage to the Premises, if any, resulting from such removal. If Tenant shall fail to remove any of the foregoing from the Premises prior to termination of this Lease for any cause whatsoever, Tenant shall be deemed to be holding over in the Premises without the consent of Landlord and Landlord may, at its option, remove the same in any manner that Landlord shall choose, and store the same without liability to Tenant for loss thereof. In such event, Tenant agrees to pay to Landlord upon demand, any and all expenses incurred in such removal (including court costs and attorneys' fees) and storage charges thereon, for any length of time that the same shall be in Landlord's possession or control. Landlord may, at its option, without Notice, sell such property, or any of the same, at a private sale and without legal process, for such price as Landlord may obtain and apply the proceeds of such sale to any amounts due under this Lease from Tenant to Landlord and/or to all expenses, including attorneys' fees and costs, incident to the removal and/or sale thereof.

16.
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REPAIRS

16.1.Tenant Obligations. Tenant shall, when and if needed, at Tenant's sole cost and expense and subject to Article 15above, make all repairs to the Premises and every part thereof to maintain the Premises in the condition and repair that existed as of the Commencement Date, reasonable wear and tear and casualty damage excepted, and free from any Hazardous Materials. Except as expressly set forth in Section 16.2 below, all Supplemental Equipment and all Building Systems located within and exclusively serving the Premises shall be maintained, repaired and replaced as needed by Tenant at Tenant's sole cost and expense and Landlord shall have no liability for the operation, repair, maintenance or replacement of any Supplemental Equipment, nor shall Landlord have any liability for the operation, repair or maintenance of any Building Systems located within and/or exclusively serving the Premises. "Supplemental Equipment" means any items that are installed within the Premises by or at the direction of Tenant or that exclusively serve the Premises (other than standard Building Systems), including, without limitation: (A) any supplemental, specialty or non-Building standard electrical (including lighting), mechanical, plumbing, heating, ventilation and air conditioning systems, fixtures and equipment; (B) any supplemental, specialty or non-Building standard fire, life, safety or security systems, fixtures and equipment; and (C) all video, audio, communications or computer systems, fixtures and equipment (including cabling). Without limiting the foregoing, Tenant shall maintain, at its sole cost and expense, a contract for the regular maintenance and repair of the heating, ventilation and air conditioning systems, fixtures and equipment located within and/or exclusively serving the Premises.

16.2.Landlord Obligations. Landlord shall maintain, repair and replace the structural portions of the Building (including, without limitation, the roof structure, roof membrane, slab and exterior walls) outside of the Premises, the Parking Area and the Building Systems (other than Building Systems and/or components thereof located within and/or exclusively serving the Premises), and the costs incurred by Landlord in performing such maintenance, repairs and replacements shall be included in Operating Expenses (except to the extent expressly excluded pursuant to Section 6.1 above). For purposes of clarification, Landlord shall have no obligation to repair, maintain or replace any part of the Premises, any Building Systems located within and/or exclusively serving the Premises or any Supplemental Equipment. Landlord shall not be liable for any failure to make any repairs or replacements or to perform any maintenance to the extent that the need for such repairs, replacements or maintenance is caused by the negligence or willful misconduct of any Tenant Party. Except as provided in Articles 23 and 24 hereof, there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations, improvements or replacements in or to any portion of the Building or the Premises or in or to fixtures, appurtenances and equipment therein. Tenant waives the right to make repairs and replacements at Landlord's expense under any Law now or hereafter in effect including Section 1941 and 1942 of the California Civil Code (as the same may be amended from time to time) and any successor statute and similar Law now or hereafter in effect.

17.

LIENS

Tenant shall not cause or permit to be filed against the Premises, the Building or the Project or of any portion thereof or against Tenant's leasehold interest in the Premises any mechanics', materialmen's or other liens, including without limitation any state, federal or local "superfund" or Hazardous Materials cleanup lien imposed as a result of the presence of Hazardous Materials in, on or about the Premises, the Building or any other portion of the Project. Landlord shall have the right at all reasonable times to post and keep posted on the Premises any notices that it deems necessary for protection from such liens. Tenant shall discharge any lien filed against the Premises or against the Building for work claimed to have been done for, or materials claimed to have been furnished to, Tenant, by bond or otherwise, within ten (10) business days after the filing thereof, at the cost and expense of Tenant. If any such liens are filed and Tenant fails to discharge them pursuant to the foregoing sentence, Landlord may, without waiving its rights and remedies based on such breach of Tenant and without releasing Tenant from any of its obligations hereunder, cause such lien(s) to be released by any means it shall deem proper, including payments in satisfaction of the claim giving rise to such lien or by obtaining a corporate statutory mechanic's lien release bond in an amount equal to one hundred fifty percent (150%) of such lien claim. Tenant shall: (a) pay to Landlord, immediately upon Notice from Landlord, any cost or expense, including, without limitation, attorneys' fees and costs, incurred by Landlord by reason of Tenant's failure to discharge any such lien, together with interest thereon at the maximum rate per annum permitted by Law from the date of such payment by Landlord and (b) shall indemnify, defend and hold the Landlord Indemnified Parties harmless from and against any liens.

18.

ENTRY BY LANDLORD

Landlord reserves and shall upon at least twenty-four (24) hours prior notice to Tenant (except in the case of an emergency) have the right to enter the Premises during Tenant's normal business hours (except in the case of an emergency, in which case such entry may be at any time) to supply any service to be provided by Landlord to Tenant hereunder, to inspect the same, to show the Premises to prospective purchasers, lenders, or investors and during the last twelve (12) months of the Term or following a default by Tenant to prospective tenants, to post notices of non-responsibility, to alter, improve or repair the Premises or any other portion of the Building and/or the Project, as provided in Section 2.4 above, or for any other reasonable purpose, all without being deemed guilty of any eviction of Tenant and without abatement of Rent. Landlord may, in order to carry out such purposes, erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, provided that the business of Tenant shall be interfered with as little as is reasonably practicable. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, for any loss of occupancy or quiet enjoyment of the Premises and for any other loss in, upon and about the Premises, the Building or the Project on account of Landlord's entry or work permitted by this Article 18 or by Section 2.4 above. Landlord shall at all times have and retain a key with which to unlock all doors in the Premises, excluding Tenant's vaults and safes. Landlord shall have the right to use any and all means that Landlord may deem proper to open said doors in an emergency in order to obtain entry to the Premises. Any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not be construed or deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof, and any damages caused on account thereof shall be paid by Tenant. Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's business in connection with any entry onto the Premises pursuant to this Article 18.

19.

UTILITIES AND SERVICES

19.1.Premises Utilities. Notwithstanding anything to the contrary in this Lease, Tenant shall pay for the cost of all water (including the cost to service, repair and replace reverse osmosis, de-ionized and other treated water), electricity, gas, heating, ventilation and air-conditioning ("HVAC"), light, power, telephone, internet service, cable television, other telecommunications and other utilities supplied to the Premises, together with any fees, surcharges and taxes thereon. All such utilities and services provided to the Premises that are separately metered shall be paid by Tenant directly to the supplier of such utilities or services. If any such utility is not separately metered to Tenant, Tenant shall pay Tenant's Percentage of all charges of such utility jointly metered with other premises as Additional Rent or, in the alternative, Landlord may, at its option, monitor the usage of such utilities by Tenant and charge Tenant with the cost of purchasing, installing and monitoring such metering equipment, which cost shall be paid by Tenant as Additional Rent. Landlord may base its bills for utilities on reasonable estimates; provided that Landlord adjusts such billings promptly thereafter or as part of the next Annual Reconciliation to reflect the actual cost of providing utilities to the Premises. In the event that the Building or Project is less than fully occupied during a calendar year, Tenant acknowledges that Landlord may extrapolate utility usage that varies depending on the occupancy of the Building or Project (as applicable) to equal Landlord's reasonable estimate of what such utility usage would have been had the Building or Project, as applicable, been one hundred percent (100%) occupied during such calendar year; provided, however, that Landlord shall not recover more than one hundred percent (100%) of the cost of such utilities. Landlord may, in Landlord's sole and absolute discretion, at any time and from time to time, contract, or require Tenant to contract, for utility services (including generation, transmission, or delivery of the utility service) with a utility service provider(s) of Landlord's choosing. Tenant shall fully cooperate with Landlord and any utility service provider selected by Landlord. Upon at least twenty four (24) hours' prior Notice and only during Tenant's normal business hours, Tenant shall permit Landlord and the utility service provider to have reasonable access to the Premises and the utility equipment serving the Premises, including lines, feeders, risers, wiring, pipes, and meters.

19.2.Janitorial Service. Tenant, at its sole cost and expense, shall enter into an agreement for regular janitorial services for the Premises with a company which is fully bonded and insured and approved by Landlord in its reasonable discretion. Tenant shall keep the Premises at all times in a clean and orderly condition, at Tenant's expense and to the reasonable satisfaction of Landlord. Unless otherwise agreed to by Landlord, no one other than persons approved by Landlord shall be permitted to enter the Premises for the purpose of providing janitorial or cleaning service.

19.3.Landlord Exculpation. Landlord's failure to furnish or cause to be furnished any service which Landlord is required or elects to provide under this Article 19 shall not result in any liability to Landlord. Landlord shall not be responsible or liable for any loss, damage, or expense that Tenant may incur as a result of any change of utility service, including any change that makes the utility supplied less suitable for Tenant's needs, or for any failure, interruption, stoppage, or defect in any utility service. In addition, except as expressly set forth in Section 19.8 below, Tenant shall not be entitled to any abatement or reduction of Rent, no eviction of Tenant shall result from and Tenant shall not be relieved from the performance of any covenant or agreement in this Lease by reason of any such change, failure, interruption, stoppage or defect. In the event of any such failure, interruption, stoppage or defect of a service which Landlord is required to provide hereunder, Landlord shall diligently attempt to cause service to be resumed promptly.

19.4.Limitations on Tenant's Utilities. Tenant shall not, without Landlord's prior written consent, use any device in the Premises (including data processing machines) that will in any way (a) increase the amount of ventilation, air exchange, gas, steam, electricity or water required or consumed in the Premises based upon Tenant's Percentage of the Building or Project (as applicable) beyond the existing capacity of the Building or the Project usually furnished or supplied for the Permitted Use or (b) exceed Tenant's Percentage of the Building's or Project's (as applicable) capacity to provide such utilities or services. If Tenant shall require utilities or services in excess of those usually furnished or supplied for tenants in similar spaces in the Building or the Project by reason of Tenant's equipment or extended hours of business operations, then Tenant shall first procure Landlord's consent for the use thereof, which consent shall not be unreasonably withheld, conditioned or delayed (except that Landlord may condition such consent upon the availability of such excess utilities or services), and Tenant shall pay as Additional Rent an amount equal to the cost of providing such excess utilities and services.

19.5.Common Area Water. Landlord shall provide water in the Common Area for, to the extent applicable, lavatory and landscaping purposes only, which water shall be from the local municipal or similar source; provided, however, that if Landlord reasonably determines that Tenant requires, uses or consumes water provided to the Common Area for any purpose other than ordinary lavatory purposes, Landlord may install a water meter ("Tenant Water Meter") and thereby measure Tenant's water consumption for all purposes. Upon such determination by Landlord, Tenant shall pay Landlord for the costs of any Tenant Water Meter and the installation and maintenance thereof during the Term. If Landlord installs a Tenant Water Meter, Tenant shall pay for water consumed, as shown on such meter, as and when bills are rendered. If Tenant fails to timely make such payments, Landlord may pay such charges and collect the same from Tenant. Any such costs or expenses incurred or payments made by Landlord for any of the reasons or purposes stated in this Section shall be deemed to be Additional Rent payable by Tenant and collectible by Landlord as such.

19.6.Energy Tracking. Within ten (10) business days following Landlord's written request therefor, Tenant shall deliver to Landlord copies of any invoices for utility services provided to the Premises and related information reasonably requested by Landlord in connection with the requirements of California Public Resources Code Section 25402.10, the corresponding regulations adopted by the California Energy Commission and provided in California Code of Regulations, Title 20, Division 2, Chapter 4, Article 9, Sections 1680-1684, and any supplemental and/or successor statute or regulations concerning the reporting of energy usage and efficiency relative to commercial buildings. Tenant acknowledges that any utility information for the Premises, the Building and the Project may be shared with third parties, including Landlord's consultants and Governmental Authorities. In addition to the foregoing, Tenant shall comply with all applicable Laws related to the disclosure and tracking of energy consumption at the Premises. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

19.7.Reservation of Rights. Landlord reserves the right, upon Notice to Tenant (except in the event of an emergency, in which case no notice shall be required), to temporarily stop service of the plumbing, ventilation, air conditioning and utility systems, when Landlord deems necessary or desirable, due to accident, emergency or the need to make repairs, alterations or improvements, until such repairs, alterations or improvements shall have been completed, and Landlord shall further have no responsibility or liability for failure to supply plumbing, ventilation, air conditioning or utility service when prevented from doing so by Force Majeure (as defined in Section 36.8below). Without limiting the foregoing, it is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of this Lease, or to perform any act or thing for the benefit of Tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of Force Majeure. In the case of all such service interruptions, Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's business.

19.8.Abatement of Rent. In the event that Tenant is prevented from using, and does not use, the Premises or any material portion thereof for more than five (5) consecutive business days as a result of a failure to provide any utilities to the Premises which Landlord is required to provide under this Lease, to the extent within Landlord's sole control (an "Abatement Event"), then Tenant shall give Landlord written Notice of such Abatement Event, and if such Abatement Event continues for an additional five (5) consecutive business days after Landlord's receipt of any such Notice ("Eligibility Period") and Landlord does not diligently commence and pursue to completion the remedy of such Abatement Event, then, except to the extent covered by business interruption or similar insurance carried or required to be carried by Tenant hereunder, Basic Rent shall be abated or reduced, as the case may be, after expiration of the Eligibility Period for such time that Tenant continues to be so prevented from using, and does not use, the Premises or a portion thereof, in the proportion that the rentable area of the portion of the Premises that Tenant is prevented from using, and does not use, bears to the total rentable area of the Premises. If, however, Tenant reoccupies any portion of the Premises during such period, the Basic Rent allocable to such reoccupied portion, based on the proportion that the rentable area of such reoccupied portion of the Premises bears to the total rentable area of the Premises, shall be payable by Tenant from the date Tenant reoccupies such portion of the Premises. Such right to abate Basic Rent shall be Tenant's sole and exclusive remedy at law or in equity for an Abatement Event. Except as expressly provided in this Section 19.8, nothing contained herein shall be interpreted to mean that Tenant is excused from paying Rent due hereunder.

20.

INDEMNIFICATION AND EXCULPATION OF LANDLORD

Tenant shall indemnify, defend and hold harmless the Landlord Indemnified Parties (as defined in Section 22.1.2 below) from and against any and all claims, demands, penalties, fines, liabilities, actions (including, without limitation, informal proceedings), settlements, judgments, damages, losses, costs and expenses (including attorneys' fees and costs) of whatever kind or nature, known or unknown, contingent or otherwise, incurred or suffered by or asserted against such Landlord Indemnified Party (collectively, "Claims") arising from or in connection with, directly or indirectly, (a) any cause whatsoever in the Premises (including, but not limited to, Claims resulting in whole or in part from the ordinary negligence of the Landlord Indemnified Party), except to the extent directly caused by the gross negligence or intentional misconduct of such Landlord Indemnified Party, (b) the presence at or use or occupancy of the Premises or Project by a Tenant Party, (c) any act, neglect, fault or omission on the part of any Tenant Party, or (d) a breach or default by Tenant in the performance of any of its obligations hereunder. Payment shall not be a condition precedent to enforcement of the foregoing indemnity. In case any action or proceeding shall be brought against any Landlord Indemnified Party by reason of any such Claim, Landlord shall provide written notice of such Claim to Tenant and Tenant shall have the right to assume the defense of any Claim with respect to which Landlord is entitled to indemnification hereunder. If Tenant assumes such defense, (i) such defense shall be conducted by counsel selected by Tenant and reasonably approved by Landlord; (ii) Tenant shall have the right to control said defense and shall not be required to pay the fees or disbursements of any counsel engaged by Landlord; and (iii) Tenant shall have the right, without the consent of Landlord, to settle such Claim, but only provided that such settlement involves only the payment of money, does not include an admission of fault or guilt and is subject to a confidential settlement agreement, and Tenant pays all amounts due in connection with or by reason of such settlement. Landlord shall have the right to participate in the defense of such Claim at the expense of Landlord, but Tenant shall have the sole right to control such defense. In no event shall (A) Landlord settle any Claim without the consent of Tenant so long as the Tenant is conducting the defense thereof in accordance with this Lease, or (B) if a Claim is covered by Tenant's insurance, Landlord shall not knowingly take or omit to take any action that would cause the insurer not to defend such Claim or to disclaim liability in respect thereof. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property (including, without limitation, any damage to personal property or scientific research, including loss of records kept by Tenant within the Premises (in each case, regardless of whether such damage is foreseeable)) or injury to Tenant or any other Tenant Parties in, upon or about the Premises, the Building, the Parking Area or the Project from any cause whatsoever and hereby waives all Claims (including consequential damages and claims for injury to Tenant's business or loss of income arising out of any loss of use of the Premises, the Building, the Parking Area or the Project or any equipment or facilities therein, or relating to any such damage or destruction of personal property as described in this Section) in respect thereof against each Landlord Indemnified Party, except that which is solely caused by, or solely the result of: (i) any Landlord Default (defined below), (ii) the grossly negligent acts of such Landlord Indemnified Party, or (iii) the willful misconduct of such Landlord Indemnified Party. Except to the extent arising from the gross negligence or willful misconduct of Landlord, Landlord shall not be liable for any damages arising from any act, omission or neglect of any other tenant in the Building or the Project, or of any other third party. Without limitation on other obligations of Tenant that survive the expiration of the Term, the clauses of this Article 20 shall survive the expiration or earlier termination of this Lease until all Claims against the Landlord Indemnified Parties involving any of the indemnified matters are fully, finally, and absolutely barred by the applicable statutes of limitations.

21.
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DAMAGE TO TENANT'S PROPERTY

Notwithstanding the provisions of Article 20 or anything to the contrary in this Lease, no Landlord Indemnified Party shall be liable for loss or damage to any property by theft or any other cause whatsoever, any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, electrical or electronic emanations or disturbance, water, rain or leaks from any part of the Building or from the pipes, or caused by dampness, vandalism, malicious mischief or by any other cause of whatever nature, unless caused by or due to the gross negligence or willful misconduct of such Landlord Indemnified Party. In no event shall any Landlord Indemnified Party be liable for any loss, the risk of which is covered by Tenant's insurance or is required to be so covered by this Lease; nor shall any Landlord Indemnified Party be liable for any such damage caused by other persons in the Building or caused by operations in construction of any private, public, or quasi-public work; nor shall any Landlord Indemnified Party be liable for any latent defect in the Premises or in the Building. Tenant shall immediately give Notice to Landlord in case of the occurrence of any fire or accidents in or about the Premises, the Building or any other portion of the Project of which Tenant has actual knowledge, or the discovery of any defects therein (including, without limitation, any latent defect in the Premises) or in any fixtures or equipment that are the property of Landlord or Tenant.

Without limiting the foregoing, Tenant acknowledges that safety and access control devices, services and programs provided by Landlord, if any, while intended to deter crime and ensure safety, may not in given instances prevent theft or other criminal acts, or ensure safety of persons or property. Landlord shall not be liable for injuries or losses caused by criminal acts of third parties, and the risk that any safety or access control device, service or program may not be effective, or may malfunction, or be circumvented by a criminal, is assumed by Tenant with respect to Tenant's property and interests, and Tenant shall obtain insurance coverage to the extent Tenant desires protection against such criminal acts and other losses, as further described in Article 22. Tenant agrees to cooperate in any reasonable safety or security program developed by Landlord or required by Law.

22.
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INSURANCE

22.1.Tenant's Insurance. Tenant shall, during the Term hereof (and during any period that Tenant may enter, occupy and/or use the Premises prior to the Commencement Date and any holdover period), at its sole cost and expense, keep in full force and effect the following insurance:

22.1.1.1.Property insurance insuring against any perils included within the classification "All Risk," including, without limitation, fire, windstorm, cyclone, tornado, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicle, smoke damage, vandalism, malicious mischief and sprinkler leakage, excluding damage from earth movement, nuclear hazards, war, flood and earthquakes. Such insurance shall insure all property owned by Tenant or any other Tenant Party, for which Tenant or any other Tenant Party is legally liable or that was installed at the expense of Tenant or any other Tenant Party, and which is located in the Building, including, without limitation, furniture, furnishings, installations, fixtures and equipment, any other personal property, and in addition, all improvements and betterments to the Premises, including all Leasehold Improvements, in an amount not less than one hundred percent (100%) of the full replacement cost thereof. For the purposes of this Section 22.1.1, the Premises shall consist of the floor area shown in the Outline of Premises, consisting of the cubic space spanning from the floor slab to the bottom surface of the floor slab of the floor immediately above the Premises ("Upper Slab"), without any offsets or deductions that are included for the Permitted Use of Tenant. Such cubic space shall include the plenum space which is bounded by the lower surface of the Upper Slab and the suspended ceiling of the Premises. In the event that there shall be a dispute as to the amount that comprises full replacement cost, the decision of Landlord or any mortgagees of Landlord shall be conclusive. Such policy shall name Landlord, any mortgagees of Landlord and any other additional parties designated by Landlord as loss payees, as their respective interests may appear.

22.1.1.2.Commercial General Liability Insurance insuring Tenant on the current ISO CG 00 01 occurrence form or any equivalent reasonably acceptable to Landlord against any liability arising out of the lease, use, occupancy or maintenance of the Premises, the Building or the Project, or any portion of the foregoing. Such insurance shall be in the following minimum limits: $2,000,000 per occurrence and $2,000,000 in the aggregate and shall be endorsed to have the aggregate apply on a per location/per project basis and shall cover injury (including mental anguish) to or death of one or more persons and damage to tangible property (including loss of use) including blanket contractual liability, broad form property damage (including coverage for explosion, collapse and underground hazards), $1,000,000 personal & advertising injury, and $2,000,000 Products Completed Operations. The policy shall not include any exclusions or limitations other than those incorporated in the standard form. The policy shall insure the hazards of the Premises and Tenant's operations thereon, Tenant's independent contractors and Tenant's contractual liability (including, without limitation, the indemnity contained in Article 20 hereof) and shall: (i) name Landlord (Wateridge Property Owner, LP); SB LWR Investors, LLC; the Property Manager; any additional entity Landlord may designate from time to time; and their respective partners, parents, affiliates, divisions and subsidiaries, and each of their respective directors, officers, principals, partners, shareholders, members, managing members, agents, employees, successors and assigns (together with Landlord, collectively, "Landlord Indemnified Parties") as additional insureds; and (ii) include coverage for cross liability claims between Named Insureds (i.e., "Named Insured vs. Named Insured" Cross Liability Coverage Endorsement if required for coverage and no exclusion for cross liability claims between Named Insureds). Such insurance shall indicate that defense costs shall be outside of the policy limits, and shall not contain any exclusions or restrictions applicable to operations of the type contemplated by this Lease. In addition to any insurance required of Tenant, Tenant shall secure, pay for and maintain or cause Tenant's contractors and sub-contractors to secure, pay for and maintain insurance during any construction or work to the Premises performed by or on behalf of Tenant at a minimum equal to the limits of liability required by Tenant. Tenant's products and completed operations insurance shall be maintained for a minimum period equal to the greater of (i) the period under which a claim can be asserted under any applicable statutes of limitations and/or repose or (ii) three (3) years after Substantial Completion of the Tenant Improvements. Tenant's contractual liability insurance shall include coverage sufficient to meet the indemnity obligations included herein.

22.1.1.3.Worker's Compensation Insurance in compliance with statutory requirements of the state(s) in which the employee resides, is hired and in which this Lease takes place, which insurance shall apply to all persons employed by Tenant, and Employer's Liability insurance in amounts not less than $1,000,000 per accident, $1,000,000 per disease, and $1,000,000 disease-policy limit.

22.1.1.4.Business interruption insurance and extra expense coverage on ISO coverage form CP 00 30 or equivalent reasonably acceptable to Landlord, which shall cover Tenant's monetary obligations under this Lease and any direct or indirect loss of earnings attributable to perils insured against in Section 22.1.1 above for a period of at least twelve (12) months. If Tenant fails to obtain business interruption insurance, it is understood and agreed upon that Tenant is fully responsible for its own business interruption exposure whether insured or not.

22.1.1.5.Comprehensive Automobile Liability Insurance including coverage for all owned, leased, hired and non-owned vehicles with a minimum combined single limit of $1,000,000 per occurrence for bodily injury and property damage liability.

22.1.1.6.Umbrella/Excess Liability Insurance policy with a per occurrence and annual aggregate limit of $5,000,000 per location/project. The limits of liability required in Section 22.1.2 above for Commercial General Liability can be provided in a combination of a Commercial General Liability policy and an Umbrella Liability policy. Coverage shall be in excess of Commercial General Liability, Auto Liability and Employers' Liability insurance with such coverage being on a follow form basis, concurrent to and not more restrictive than underlying insurance. Tenant shall, by specific endorsement to its Umbrella/Excess Liability policy, cause the coverage afforded to the Landlord Indemnified Parties thereunder to be first tier umbrella/excess coverage above the primary coverage afforded to the Landlord Indemnified Parties as set forth in this Lease and not concurrent with or excess to any other valid and collectible insurance available to the Landlord Indemnified Parties whether provided on a primary or excess basis. It is the specific intent of the parties that Tenant procure the excess carriers' agreement to waive and/or forego any viable "horizontal exhaustion" rights it might have in regard to any insurance any Landlord Indemnified Party might carry for its own benefit or on behalf of any other Landlord Indemnified Party.

22.1.1.7.If Tenant sells or dispenses alcoholic beverages as part of its business, Liquor Liability Insurance with limits of not less than $5,000,000 per occurrence; provided the foregoing shall not be required with respect to consumption of alcoholic beverages in the Premises by Tenant, its employees, or invitees.

22.1.1.8.Medical malpractice insurance at limits of not less than $1,000,000 each claim during such periods, if any, that Tenant engages in the practice of medicine at the Premises.

22.1.1.9.Pollution Legal Liability insurance if Tenant stores, handles, generates or treats Hazardous Materials, as reasonably determined by Landlord, on or about the Premises. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage including physical injury to or destruction of tangible property including the resulting loss of use thereof, clean-up costs, and the loss of use of tangible property that has not been physically injured or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensatory damages. Coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted, provided the policy retroactive date is continuously maintained prior to the Commencement Date (or such earlier date that Tenant has access to the Premises), and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage shall be maintained with limits of not less than $1,000,000 per incident with a $2,000,000 policy aggregate.

22.1.1.10.Any other form or forms of insurance as Tenant or Landlord or any mortgagees of Landlord may reasonably require from time to time in form, in amounts and for insurance risks against which a prudent tenant would protect itself.

22.1.1.11.Tenant may place all or any of the foregoing insurance coverages under blanket insurance policies carried by Tenant provided that no other loss which may also be insured by such blanket insurance shall affect the insurance coverages required hereby and so long as such policy complies with the amount of coverage required hereunder and otherwise provides the same protection as would a separate policy insuring only Tenant's insurance obligations in compliance with the provisions of Section 22.1 hereof. In addition, Tenant shall deliver to Landlord a certificate specifically stating that such coverages apply to Landlord, the Premises, the Building and the Project.

22.1.1.12.If Tenant shall hire or bring a vendor or contractor onto the Premises to perform any alterations, work or improvements, Tenant agrees to have a written agreement with such vendor or contractor whereby such vendor or contractor will be required to carry the same insurance coverages for Commercial General Liability, Auto and Worker's Compensation, Employer's Liability and Pollution Legal Liability insurance as required of Tenant herein. Tenant shall also require that such vendor's or contractor's insurance meet the same additional terms as required of Tenant herein with regards to adding the Landlord Indemnified Parties and all mortgagees as additional insureds, maintaining primary and non-contributory coverage, waiving all rights of recovery and subrogation, and making certificates of insurance available as evidence of all policies during the term of their work and in advance of all applicable renewals. Tenant shall not allow any vendors or contractors to begin work prior to obtaining certificates evidencing all insurance requirements contained herein.

22.2.Standard of Insurance. All policies shall be written in a form satisfactory to Landlord, and the Commercial General Liability, Comprehensive Automobile Liability, Umbrella/Excess Liability, Liquor Liability (if applicable) and Pollution Legal Liability policies required under Section 22.1 shall name all Landlord Indemnified Parties as additional insureds on a primary and non-contributory basis. In addition, if Tenant places any such required coverages under a blanket insurance policy as set forth in Section 22.1.11, the blanket policy shall name all Landlord Indemnified Parties as additional insureds on a primary and non-contributory basis. All insurance policies required under Section 22.1 shall be issued by companies authorized to do business in the State of California with an A.M. Best's Rating of at least A-/VIII. No deductibles or Self-Insured Retention ("SIR") of Tenant shall exceed $25,000 without Landlord's prior written approval. All deductibles and SIR are the responsibility of Tenant and must be shown on the certificate of insurance. On or before the date which is ten (10) days after the execution of this Lease, and prior to or on the renewal of such policies thereafter, Tenant shall deliver to Landlord copies of policies or certificates evidencing the existence of the amounts and forms of coverage satisfactory to Landlord. No such policy shall be cancelable or reducible in coverage except after thirty (30) days prior Notice to Landlord. Any insurance limits required by this Lease are minimum limits only and not intended to restrict the liability imposed on any Tenant for liability under this Lease. Tenant shall, within thirty (30) days prior to the expiration of such policies, furnish Landlord with renewals or "binders" thereof, or Landlord may order such insurance and charge the cost thereof to Tenant as Additional Rent. If Landlord obtains any insurance that is the responsibility of Tenant under this Article 22, Landlord shall deliver to Tenant a written statement setting forth the cost of any such insurance and showing in reasonable detail the manner in which it has been computed and Tenant shall remit said amount to Landlord within ten (10) business days.

22.3.Landlord Insurance.

22.3.1.1.During the Term of this Lease, Landlord shall insure the Building and the Parking Areas (to the extent Landlord is the owner thereof) (excluding any property which Tenant is obligated to insure under Sections 22.1 and 22.2 hereof) against damage with All-Risk insurance (which may, but shall not be required to, insure against earthquake damage) and public liability insurance, all in such amounts and with such deductibles as Landlord considers appropriate. Landlord may, but shall not be obligated to, obtain and carry any other form or forms of insurance as Landlord or Landlord's mortgagees may determine advisable. Notwithstanding any contribution by Tenant to the cost of insurance premiums, as provided herein, Tenant acknowledges that it has no right to receive any proceeds from any insurance policies carried by Landlord.

22.3.1.2.If any of Landlord's insurance policies shall be canceled or cancellation shall be threatened or the coverage thereunder reduced or threatened to be reduced in any way because of Tenant's specific use of the Premises or any part thereof by Tenant or any assignee or subtenant of Tenant or by anyone Tenant permits on the Premises and, if Tenant fails to remedy the condition giving rise to such cancellation, threatened cancellation, reduction of coverage, threatened reduction of coverage, increase in premiums, or threatened increase in premiums, within forty-eight (48) hours after Notice thereof, Landlord may, at its option, but without any obligation so to do, enter upon the Premises and attempt to remedy such condition, and Tenant shall promptly pay the cost thereof to Landlord as Additional Rent.

22.4.Subrogation Waivers.

22.4.1.1.**Subrogation Waiver – Policies Other than Property Insurance**. Tenant hereby waives all rights against the Landlord Indemnified Parties, Landlord's contractors (and their subcontractors of every tier), and their respective employees and agents, for any claims that arise from Tenant's work or activities and for recovery of damages under Tenant's insurance policies required under Section 22.1 or any other insurance policy carried by Tenant related to the Premises or this Lease (excluding Tenant's property insurance, which is addressed hereunder in Section 22.4.2). Tenant shall obtain an endorsement effecting the foregoing waiver with respect to its workers compensation and employers liability insurance. If any other policy implicated by the waiver in this Section 22.4.1does not allow Tenant to waive rights of recovery against others prior to a loss, Tenant shall obtain an endorsement effecting the applicable waiver.

22.4.1.2.**Subrogation Waiver – Property Insurance**. Landlord and Tenant waive all rights against each other for damages caused by fire or other causes of loss occurring on and after the date on which this Lease is executed to the extent such damages are covered (or are required to be covered) by any property insurance required under this Article 22 (including business income and loss of rent insurance) or otherwise carried by such party in relation to the Premises, the Building or the Project, regardless of whether such insurance is specifically required under this Lease. Tenant's waiver in this Section 22.4.2 also extends to the Landlord Indemnified Parties. Each party shall obtain an endorsement pursuant to which its insurers waive their subrogation rights against the parties specified in this Section 22.4.2. If a property insurance policy implicated by the waiver in this Section 22.4.2 does not allow the insured to waive rights of recovery against others prior to a loss, the insured shall cause the policy to be endorsed to provide for such waiver. The waivers in this Section 22.4.2will be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, did not pay the insurance premium directly or indirectly, or did not have an insurable interest in the property damaged. To the extent that either party self-insures for its insurance obligations under this Lease (e.g., maintains a deductible amount), such party shall be treated as an independent insurer with full waiver of subrogation.

23.

DAMAGE OR DESTRUCTION

23.1.Damages. If the Building and/or the Premises are damaged by fire or other perils covered by Landlord's insurance, Landlord shall:

23.1.1.1.In the event of one hundred percent (100%) destruction of the Premises ("Total Destruction"), at Landlord's option, as soon as reasonably possible thereafter, commence repair, reconstruction and restoration of the Building and/or the Premises and prosecute the same diligently to completion, in which event this Lease shall remain in full force and effect; provided, however, that (a) Landlord may elect by Notice to Tenant given within ninety (90) days after such destruction not to repair, reconstruct or restore the Building and/or the Premises, in which case, this Lease shall terminate as of the date of such Total Destruction, and (b) if such repair, reconstruction and restoration cannot reasonably be expected to be completed within two hundred seventy (270) days after such Total Destruction Tenant shall have the right to terminate this Lease upon written notice to Landlord delivered within thirty (30) days after such destruction.

23.1.1.2.In the event of a partial destruction of the Building and/or the Premises and if the damage thereto is such that the Building and/or the Premises is capable of being repaired, reconstructed or restored within a period of ninety (90) days from the date of Landlord's discovery of such damage, and if Landlord will receive insurance proceeds sufficient to cover the total cost of such repairs, reconstruction or restoration, Landlord shall commence and proceed diligently with the work of repairs, reconstruction and restoration of the Building and/or the Premises or both, as the case may be, and this Lease shall continue in full force and effect. If such work of repair, reconstruction and restoration shall require a period longer than ninety (90) days or exceeds twenty-five percent (25%) of the full replacement cost of the Building and/or the Premises, or both, as the case may be, or if insurance proceeds will not be sufficient to cover the cost of such repairs, reconstruction and restoration, then Landlord either may elect to so repair, reconstruct or restore and this Lease shall continue in full force and effect or may elect not to repair, reconstruct or restore and this Lease shall then terminate as of the date of such partial destruction. Under any of the conditions of this Section 23.1.2, Landlord shall give Notice to Tenant of its intention regarding repairs within said ninety (90) day period. If damage is due to any cause other than fire or other peril covered by extended coverage insurance, Landlord may elect to terminate this Lease.

23.1.1.3.In any case where Landlord elects to repair, restore or reconstruct the Premises following the occurrence of any damage to which this Article 23 applies, then Tenant shall assign to Landlord the proceeds of its property insurance attributable to the Leasehold Improvements. If the cost of restoring the Leasehold Improvements exceeds the amount of the proceeds of Tenant's property insurance that are received by Landlord, Tenant shall promptly pay the amount of such deficiency to Landlord upon demand.

23.2.Termination of Lease. Upon any termination of this Lease under any of the provisions of this Article 23, the parties shall be released without further obligation to the other from the date possession of the Premises is surrendered to Landlord except for items which have therefore accrued and/or are then unpaid or items which expressly survive the expiration or sooner termination of this Lease.

23.3.Rent Abatement. In the event of any casualty, the Rent payable under this Lease shall be abated proportionately with the degree to which Tenant's Permitted Use of the Premises is impaired either during the period of such repair, reconstruction or restoration or until termination of the Lease pursuant to this Article 23, but only to the extent that Landlord is compensated for such loss by the insurance carried or required to be carried pursuant to Section 22.1.4 above. Notwithstanding the foregoing, there shall be no abatement of Rent if such damage is caused primarily by the negligence or intentional wrongdoing of Tenant or any Tenant Party. Tenant shall not be entitled to any compensation or damages for loss in the use of the whole or any part of the Premises and/or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration. If Landlord is obligated to or elects to repair or restore as herein provided, Landlord shall be obligated to repair or restore only those portions of the Building and the Premises which were originally provided at Landlord's expense, and the repair and restoration of items not provided at Landlord's expense shall be the obligation of Tenant.

23.4.Damage Near End of Term. Notwithstanding anything to the contrary contained in this Article 23, if material damage to the Premises occurs during the last twelve (12) months of the Term, either party may elect, no earlier than sixty (60) days after the date of the damage and not later than ninety (90) days after the date of such damage, to terminate this Lease by written notice to the other effective as of the date specified in the notice, which date shall not be less than ten (10) business days nor more than sixty (60) days after the date such notice is given.

23.5.Waiver of Statute. In the event of damage to the Premises and/or the Building, Tenant shall not be released from any of its obligations under this Lease except to the extent and upon the conditions expressly stated in this Article 23. Tenant hereby waives the provisions of California Civil Code Section 1932, Subsection 2, and

Section 1933, Subsection 4, and any other statute or court decision relating to the abatement or termination of a lease upon destruction of the Premises and the provisions of this Article 23 shall govern in case of such destruction.

24.

EMINENT DOMAIN

24.1.Permanent Taking. If all of the Premises, or such part thereof as shall substantially interfere with Tenant's Permitted Use and occupancy thereof, shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking (a "Taking"), either party shall have the right to terminate this Lease by Notice to the other effective as of the date possession is required to be surrendered to said authority. Tenant shall not assert any claim against Landlord or the taking authority for any compensation because of such Taking, and Landlord shall be entitled to receive the entire amount of any award without deduction for any estate or interest of Tenant. If the amount of property or the type of estate taken shall not substantially interfere with the conduct of Tenant's business, Landlord shall be entitled to the entire amount of the award without deduction for any estate or interest of Tenant, Landlord shall restore the Premises to substantially their same condition prior to such partial Taking, and Basic Rent shall be reduced, effective as of the date the condemning authority takes possession, in the same proportion which the Rentable Square Feet of the portion of the Premises so taken bears to the Rentable Square Feet of the entire Premises before the Taking. Nothing contained in this Section 24.1shall be deemed to give Landlord any interest in any award made to Tenant for the taking of personal property and fixtures belonging to Tenant or for relocation costs and expenses.

24.2.Temporary Taking. Notwithstanding anything to the contrary in Section 24.1 above, in the event of Taking of the Premises or any part thereof for temporary use, (a) this Lease shall be and remain unaffected thereby and Rent shall not abate, and (b) Tenant shall be entitled to receive for itself such portion or portions of any award made for such use with respect to the period of the Taking which is within the Term, provided that if such Taking shall remain in force at the expiration or earlier termination of this Lease, Tenant shall then pay to Landlord a sum equal to the reasonable cost of performing Tenant's obligations under Section 15.2 above and Article 31 below with respect to surrender of the Premises and, upon such payment, shall be excused from such obligations. For purpose of this Article 24, a "temporary" Taking shall be defined as a Taking for a period of two hundred seventy (270) days or less and a "permanent" Taking shall be defined as a Taking for a period of more than two hundred seventy (270) days.

24.3.Waiver of Statute. Tenant (for itself and all others claiming through Tenant) hereby irrevocably waives and releases its rights under Section 1265.130 of the California Code of Civil Procedure.

25.

DEFAULTS AND REMEDIES

25.1.Tenant Default. The occurrence of any one or more of the following events, upon the expiration of any applicable time period, shall constitute a default hereunder by Tenant ("Tenant Default"):

25.1.1.1.Abandonment of the Premises by Tenant. Notwithstanding the provisions of California Civil Code Section 1951.3, "Abandonment" is defined to include, but not limited to, any absence by Tenant from the Premises for thirty (30) days or longer while in default pursuant to this Section 25.1;

25.1.1.2.The failure by Tenant to make any payment of Rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of three (3) business days after Landlord's delivery of Notice thereof;

25.1.1.3.The failure by Tenant to obtain and keep in force at all times any insurance Tenant is required to obtain and keep in force under Article 22 where such failure is not cured within three (3) business days after Landlord's delivery of Notice of such failure;

25.1.1.4.Hypothecation, assignment or other transfer of this Lease or subletting of the Premises, or attempts of such actions in violation of Article 27 of this Lease;

25.1.1.5.The failure by Tenant to deliver any certificate, instrument or statement that is required to be delivered by Tenant under Article 28, Article 29 or Section 36.16 within the time frames required in Article 28, Article 29or Section 36.16, as applicable, which Tenant fails to cure within five (5) business days after Landlord's delivery of Notice thereof;

25.1.1.6.The failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified in Sections 25.1.1 – 25.1.5 above or Section 25.1.7 below, where such failure shall continue for a period of thirty (30) days after Landlord's delivery of Notice thereof; provided that if the nature of any such failure is such that more than thirty (30) days are reasonably required for its cure, then no Tenant Default shall be deemed to occur if (and for so long as) Tenant commences the cure of such failure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion within ninety (90) days after Landlord's delivery of Notice thereof; or

25.1.1.7.The (a) making by Tenant of any general assignment for the benefit of creditors; (b) filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any Law relating to bankruptcy; (c) appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease; (d) attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease; or (e) Tenant's convening of a meeting of its creditors or any class thereof for the purpose of effecting a moratorium upon or composition of its debts, or any class thereof; provided that no Tenant Default will be deemed to occur under this Section 25.1.7 if (i) any petition described in clause (a) above that filed against (rather than by) Tenant, is dismissed within thirty (30) days) after filing, (ii) in the event any trustee or receiver shall take possession of substantially all of Tenant's assets located at the Premises or Tenant's interest in this Lease, possession of the same is restored to Tenant within thirty (30) days or (iii) any attachment, execution or other judicial seizure described in clause (d) above is discharged within thirty (30) days.

Any Notice from Landlord required hereby shall be in lieu of, and not in addition to, any Notice required under California Code of Civil Procedure Section 1161 regarding unlawful detainer actions or any similar successor statute. Accordingly, Tenant (for itself and all others claiming through Tenant) hereby expressly and irrevocably waives the notice requirements of California Code of Civil Procedure Section 1162 that would otherwise govern notices required under Section 1161, and agrees that any notice provided pursuant to this Section 25.1 shall replace and satisfy any such requirements of Section 1162.

25.2.Landlord Remedies. In the event of any such Tenant Default, in addition to any other remedies available to Landlord at law or in equity, including, without limitation, the remedies available under California Civil Code Section 1951.2 and any successor statute, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. In the event that Landlord shall elect to so terminate this Lease then Landlord may recover from Tenant:

25.2.1.1.The worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus

25.2.1.2.the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that Tenant proves could have been reasonably avoided; plus

25.2.1.3.the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such Rent loss that Tenant proves could be reasonably avoided; plus

25.2.1.4.any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary repair, renovation and alteration of the Premises, reasonable attorneys' fees and any other reasonable costs; and

25.2.1.5.at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Law.

As used in Sections 25.2.1 and 25.2.2above, the "worth at the time of award" is computed by allowing interest at the Default Rate. As used in Section 25.2.3 above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco ("Discount Rate") at the time of award plus one percent (1%). If the format or components of the Discount Rate are materially changed, or if the Discount Rate ceases to exist, Landlord shall substitute a discount rate which is maintained by the Federal Reserve Bank of San Francisco or similar financial institution and which is most nearly equivalent to the Discount Rate.

25.3.Additional Remedies. If any such Tenant Default occurs, Landlord may utilize the remedy described in California Civil Code Section 1951.4 (which provides landlord may continue the lease in effect after a tenant's breach and abandonment and recover Rent as it becomes due, if tenant has the right to sublet or assign subject to reasonable limitations). Accordingly, in the event of any Tenant Default and abandonment of the Premises by Tenant, if Landlord does not elect to terminate this Lease on account of such Tenant Default, then Landlord may from time-to-time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all Rent as it becomes due. In the event of the Abandonment of the Premises by Tenant or in the event that Landlord utilizes the remedy described in this Section 25.3 above or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by Law, then if Landlord does not elect to terminate this Lease as provided above, Landlord may from time to time, without terminating this Lease, either recover all Rent as it becomes due or relet the Premises or any part thereof for the Term of this Lease on terms and conditions as Landlord in its sole discretion may deem advisable with the right to make alterations and repairs to the Premises.

If Landlord shall elect to so relet, such reletting shall not relieve Tenant of any obligation hereunder, except that the rents received by Landlord from such reletting shall be applied as follows: (a) first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; (b) second, to the payment of any cost of such reletting; (c) third, to the payment of the cost of any alterations and repairs to the Premises; (d) fourth, to the payment of Rent due and unpaid hereunder and (e) the residue, if any, shall be held by Landlord and applied to payment of future Rent as the same may become due and payable hereunder. Should that portion of such rents received from such reletting during any month, which is applied to the payment of Rent hereunder, be less than the Rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand therefor by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses, including attorneys' fees, incurred by Landlord in such reletting or in making such alterations and repairs not covered by the rents received from such reletting. During the continuance of a Tenant Default, Landlord shall have the right to market the Premises to potential new tenants and may show the Premises to such potential new tenants during normal business hours.

25.4.Notice of Default. Tenant hereby acknowledges that default by Tenant hereunder, and Landlord's election to prepare and serve a Notice of any such default hereunder (a "Notice of Default"), will cause Landlord to incur costs not contemplated by this Lease, and costs in addition to any costs which may be reimbursed to Landlord by any provision which may be contained herein relative to the payment of interest or late charges on amounts due hereunder. Accordingly, Landlord shall be entitled to reasonable attorneys' fees and all other costs and expenses incurred in the preparation and service of a Notice of Default and consultations in connection therewith, with respect to which Landlord and Tenant agree that Seven Hundred Fifty Dollars ($750.00) is a reasonable minimum sum per such occurrence, whether or not legal action is subsequently commenced in connection with any such default. It is further hereby specifically agreed by and between Landlord and Tenant that any and all such fees and costs shall be deemed Additional Rent hereunder, and may, at the option of Landlord, be included in any Notice of Default hereunder.

25.5.Landlord's Right to Cure. If Tenant should fail to make any payment or perform any of its other obligations hereunder, Landlord, without being under any obligation to do so and without thereby waiving such default, may make such payment and/or remedy such other default for the account of Tenant (and enter the Premises for such purpose): (a) immediately and without notice in the case: (i) of emergency, (ii) of a default by Tenant of its obligations under Section 8.3, Section 15.2and/or Article 31, (iii) where such default unreasonably interferes with any other tenant in the Building or Project, (iv) a failure to satisfy or otherwise discharge any lien, or (v) where such default will result in the violation of Law or the cancellation of any insurance policy maintained by Landlord and (b) in any other case if such default continues beyond the applicable notice and cure period specified in Section 25.1 above, and thereupon Tenant shall be obligated to, and hereby agrees to pay Landlord, upon demand, all costs, expenses, and disbursements incurred by Landlord in taking such remedial action, together with an amount equal to five percent (5%) thereof for Landlord's overhead and administrative expenses, and the sum of such costs, together with interest thereon at the rate described in Section 5.3 from the date of Landlord's payment thereof, shall be deemed Additional Rent.

25.6.Waiver of Redemption. Tenant (for itself and all others claiming through Tenant) hereby irrevocably waives and releases its rights to redemption and reinstatement under any present or future case law or statutory provision (including, without limitation, Sections 473, 1174 and 1179 of the California Code of Civil Procedure and Section 3275 of the California Civil Code) in the event that Tenant is dispossessed from the Premises for any reason.

25.7.Landlord's Default. Landlord's failure to perform or observe any of its obligations under this Lease shall constitute a default by Landlord under this Lease (a "Landlord Default") only if Landlord, or the Holder (defined below) of any Security Instrument (defined below) covering the Premises, fails to perform obligations required of Landlord within thirty (30) days after Notice by Tenant to Landlord (and to each Holder pursuant to Section 36.5 below), specifying wherein Landlord has failed to perform such obligations in reasonable detail; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then no Landlord Default shall occur if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion (or if any Holder of any Security Instrument commences and prosecutes the cure pursuant to Section 36.5 below). In no event shall Tenant be entitled to terminate this Lease by reason of any Landlord Default, and Tenant's remedies shall be limited to an action for monetary damages at law. Without limiting the foregoing, in recognition that Landlord must receive timely payments of Rent and operate the Building and Project, Tenant shall have no right of self-help to perform repairs or any other obligation of Landlord and, except as expressly provided in Articles 23 and 24, shall have no right to withhold, set-off, or abate Rent.

26.
NO WAIVER

All rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and not one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by Law, whether or not stated in this Lease. The waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained, nor shall any custom or practice which may grow up between the parties in the administration of the terms hereof be deemed a waiver of or in any way affect the right of Landlord to insist upon the performance by Tenant in strict accordance with said terms. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance by Landlord of a lesser sum than the Basic Rent and Additional Rent or other sum then due shall be deemed to be other than on account of the earliest installment of such Rent or other amount due, nor shall any endorsement or statement on any check or any letter accompanying any check be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or other amount or pursue any other remedy provided in this Lease. Without limiting the foregoing, Tenant (for itself and all others claiming through Tenant) acknowledges that this Article 26 imparts actual notice to Tenant, pursuant to California Code of Civil Procedure Section 1161.1(c), that Landlord's acceptance of partial payment of Rent shall not constitute a waiver of any rights available under this Lease or at law or equity, including, without limitation, the right to recover possession of the Premises.

27.
ASSIGNMENT AND SUBLETTING

27.1.Transfer. Tenant shall not voluntarily or by operation of law: (a) sublease all or any part of the Premises ("Sublease"), (b) assign this Lease ("Assignment"), or (c) enter into any other agreement or arrangement: (i) that permits a third party (other than Tenant's employees and occasional guests) to enter, occupy or use any portion of the Premises or remove any of Tenant's Personal Property therefrom or (ii) otherwise assigns, transfers, mortgages, pledges, hypothecates, encumbers or permits a lien to attach to Tenant's interest under this Lease or in the Premises (each of the foregoing (a), (b) and (c), a "Transfer"), without first obtaining Landlord's prior written consent in accordance with this Article 27. In addition, for purposes of this Lease a "Transfer" (which shall be subject to the provisions of this Article 27) shall also include: (A) a direct or indirect transfer, assignment, pledge, or hypothecation of a Controlling (defined below) interest in Tenant and/or (B) the dissolution of the entity that constitutes Tenant without its immediate reconstitution. "Control" or "Controlling" means possession of the direct or indirect power to direct or cause the direction of the management and policies of a person or entity. No consent to an assignment, encumbrance or sublease shall constitute a waiver of any provision of this Article 27 or consent to any future assignment, encumbrance or transfer. Any Transfer without Landlord's prior written consent shall be voidable at Landlord's election and shall constitute a Tenant Default.

27.2.Transfer Procedure. If Tenant desires to make any Transfer requiring Landlord's consent, then at least thirty (30) days prior to the date when Tenant desires the Transfer to be effective ("Transfer Date") Tenant shall give Landlord a Notice ("Transfer Notice") setting forth: (a) the name, address and business of the person or entity to which the Transfer is proposed ("Proposed Transferee"); (b) information (including references) concerning the character, ownership and financial condition of the Proposed Transferee; (c) the proposed Transfer Date (which shall not be later than 90 days following the Transfer Notice); (d) any ownership or commercial relationship between Tenant and the Proposed Transferee; and (e) the consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord shall reasonably require. If Landlord reasonably requests additional detail (including, without limitation, financial statements of the proposed Transferee or a current estoppel certificate from Tenant), the Transfer Notice shall not be deemed to have been received until Landlord receives such additional detail, and Landlord may withhold consent to any proposed Transfer until such information is provided to it.

27.3.Recapture. In the event Tenant requests to assign this Lease or sublease fifty percent (50%) or more of the Rentable Square Feet of the Premises for all or substantially all of the remainder of the then-existing Term, then, within thirty (30) days of Landlord's receipt of the Transfer Notice and all information specified in Section 27.2 above, Landlord may, at its option, in its sole and absolute discretion, by Notice to Tenant, elect to terminate this Lease (a) in its entirety in the case of an assignment or (b) as to the portion of the Premises to be sublet in the case of a sublease. If Landlord elects to terminate this Lease as aforesaid, Tenant shall have the right to rescind its request for consent to such assignment or sublease by delivering Notice to Landlord within five (5) business days after delivery of Landlord's recapture notice, in which case, the consent request shall be void and this Lease shall remain in full force and effect. If this Lease shall be terminated pursuant to this Section 27.3, the Term shall end on the Transfer Date as if that date had been originally fixed in this Lease for the expiration of the Term.

27.4.Landlord's Consent; Consent Standards; No Release.

27.4.1.1.Unless Landlord elects to exercise any of its rights under Section 27.3 above, Landlord shall, by Notice to Tenant, elect to: (a) consent to such proposed Transfer upon the terms and to the Proposed Transferee; or (b) refuse to give its consent to the proposed Transfer. Landlord shall not unreasonably withhold its consent to any Proposed Transfer; provided that, without limiting other situations in which it may be reasonable for Landlord to withhold its consent to any proposed Transfer, it shall be deemed reasonable for Landlord to withhold its consent to any proposed Transfer if Landlord determines in its sole discretion that: (i) the Proposed Transferee does not have sufficient financial strength or stability to perform all obligations under this Lease, and to perform them without any higher risk of default than Tenant; (ii) the intended use of the Premises (or the applicable portion thereof) by the Proposed Transferee is inconsistent or incompatible with other uses in the Building or in the Project; (iii) the intended use of the Premises (or the applicable portion thereof) by the Proposed Transferee will require alteration of the Premises; (iv) the intended use of the Premises (or the applicable portion thereof) by the Proposed Transferee will violate this Lease or any Laws governing the Premises or the Building or Project; (v) the Proposed Transferee has the power of eminent domain, is a Governmental Authority or an agency or subdivision of a foreign government; (vi) either the Proposed Transferee, or any person which directly or indirectly controls, is controlled by, or is under common control with the Proposed Transferee: (A) occupies space in the Project or has negotiated with Landlord or any of its affiliates within the preceding one hundred eighty (180) days (or is currently negotiating with Landlord or any of its affiliates) to lease space in the Building or Project or (B) does not intend to occupy the Premises or the applicable portion thereof; (vii) at the time Tenant delivers the Transfer Notice, there exists an uncured Tenant Default; (viii) the proposed Transfer would cause Landlord to be in violation of another lease or agreement to which Landlord is a party or would give an occupant of the Building or Project a right to cancel or modify its lease; (ix) any ground lessor or mortgagee whose consent to such Transfer is required fails to consent thereto; (x) the use of the Premises (or the applicable portion thereof), the Building or the Project by the Proposed Transferee would, in Landlord's reasonable judgment, significantly increase pedestrian traffic in and out of the Building and/or the Project, generate increased loitering in Common Areas, increase security risk, or require any alterations to the Building or the Project to comply with applicable Laws; (xi) the Proposed Transferee would be a competitor to another tenant in the Building; (xii) the Proposed Transferee has been required by any prior landlord, lender or Governmental Authority to take material remedial action in connection with Hazardous Materials contaminating a property, which contamination resulted from Proposed Transferee's action or omission or use of the property in question; or (xiii) the Proposed Transferee is subject to a material enforcement order issued by any Governmental Authority in connection with the use, disposal or storage of Hazardous Materials.

27.4.1.2.Tenant further agrees that Landlord may condition its consent to any proposed Transfer upon satisfaction of any of the following conditions: (a) delivery to Landlord of a true copy of a fully executed sublease, assignment of lease or other instrument pursuant to which the applicable Transfer is made ("Transfer Instrument"); (b) delivery to Landlord of original executed copies (by Tenant and the Transferee (defined below)) of Landlord's form of Consent to Sublease (in the case of a Sublease) or Assignment and Assumption of Lease and Consent (in the case of an Assignment) or other instrument under which Landlord grants consent to the applicable Transfer ("Consent Instrument") and (c) receipt by Landlord of all sums and amounts to which Landlord is entitled under Section 27.5 below. Tenant acknowledges and agrees that any Consent Instrument may, without limitation: (i) in the case of a Sublease or Assignment, require the person or entity to which the Transfer is made ("Transferee") to be bound by all of the terms and provisions of this Lease and to perform all of the obligations of Tenant hereunder applicable to the Premises, or the portion thereof that is the subject of the applicable Transfer; (ii) in the case of an Assignment, include waivers by Tenant of all applicable suretyship defenses, including, but not limited to, those contained in Sections 2787 to 2855, inclusive, of the California Civil Code; and (iii) in the case of a Sublease: (A) provide that such Sublease is subject and subordinate to this Lease to all Security Instruments encumbering the Building or the Project, (B) require the Transferee to, upon demand by Landlord following the occurrence of any Tenant Default, remit directly to Landlord, all monies payable from such Transferee to Tenant in connection with such Sublease and (C) provide that in the event of termination of this Lease for any reason, including without limitation a voluntary surrender by Tenant, or in the event of any reentry or repossession of the Premises by Landlord, Landlord may, at its option, either: (x) terminate the sublease or (y) take over all of the right, title and interest of Tenant, as sublessor, under such sublease, in which case such sublessee shall attorn to Landlord, but that nevertheless Landlord shall not: (1) be liable for any previous act or omission of Tenant under such sublease, (2) be subject to any defense or offset previously accrued in favor of the sublessee against Tenant, or (3) be bound by any previous modification of any sublease made without Landlord's written consent, or by any previous prepayment by sublessee of more than one month's rent.

27.4.1.3.If Landlord grants its consent to any proposed Transfer described in any Transfer Notice, Tenant may during the thirty (30) days thereafter consummate such Transfer with the Proposed Transferee upon the terms and conditions described in the applicable Transfer Notice; provided, however, that any material change in such terms shall be subject to Landlord's consent as provided in this Article 27. No Assignment or Sublease or other Transfer (whether with or without Landlord's consent) shall relieve Tenant or any assignee or sublessee from any obligation under this Lease whether or not accrued as of the date of the Assignment or Sublease (and, to the extent such Tenant is deemed a surety of an assignee, Tenant hereby waives all applicable suretyship defenses, including, but not limited to, those contained in Sections 2787 to 2855, inclusive, of the California Civil Code.

27.5.Landlord's Costs; Transfer Premiums.

27.5.1.1.If Tenant requests Landlord's consent to a proposed Transfer under the provisions of this Article 27, Tenant shall, upon demand, reimburse all of Landlord's reasonable expenses, costs and attorneys' fees incurred in connection with processing such request for consent, whether or not Landlord grants consent to such proposed Transfer; provided that such costs and expenses shall not exceed $3,000 per request.

27.5.1.2.If Landlord consents to a Transfer, Tenant shall pay to Landlord fifty percent (50%) of any rent or other consideration attributable to occupancy realized by Tenant pursuant to such Transfer in excess of (i) the Rent payable by Tenant under this Lease, (ii) any reasonable tenant improvement allowance or other economic concession (e.g., space planning allowance, moving expenses, free or reduced rent periods, etc.) actually incurred by Tenant in connection with such Transfer, (iii) any reasonable advertising costs and brokerage commissions actually incurred by Tenant in connection with such Transfer, and (iv) any reasonable legal fees actually incurred by Tenant in connection with such Transfer. Landlord shall have the right to audit the books, records and papers of Tenant relating to any Transfer, and if the amount of such Additional Rent shall be found understated, Tenant shall immediately pay such deficiency upon demand and, if understated by more than two percent (2%), Tenant shall also pay Landlord's costs of such audit.

27.6.Rights Not Transferable. All: (a) options to extend or renew the Term and/or to expand the Premises, if any, contained in this Lease or any addendum or amendment hereto or letter of agreement; (b) all rights to any signage at the Project in any location outside of the Premises, if any, contained in this Lease or any addendum or amendment hereto or letter of agreement; (c) all rights to above standard (or discounted) parking at the Project, if any, contained in this Lease or any addendum or amendment hereto or letter of agreement; and (d) all rights to receive any above standard services or utilities, if any, contained in this Lease or any addendum or amendment hereto or letter of agreement, are personal to the Original Tenant or a Permitted Transferee, and may not be transferred in connection with any Transfer or exercised by any Transferee (other than a Permitted Transferee). Consent by Landlord to any Transfer shall not include consent to the assignment or transfer of any such options, rights or privileges (and such options, rights, or privileges shall terminate upon such assignment or subletting), unless Landlord, in its sole and absolute discretion, specifically grants in writing such options, rights, privileges or services to such assignee or subtenant.

27.7.Permitted Transfers. Notwithstanding the foregoing, Tenant may Transfer its interest in this Lease or the Premises to (a) an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with Tenant), (b) an entity which acquires all or substantially all of the assets or interests (partnership, stock or other) of Tenant, or (c) an entity which is the resulting entity of a merger or consolidation of Tenant, provided that (i) the financial condition (including, without limitation, the credit) of such transferee entity is, in Landlord's reasonable judgment, the same or greater than that of the Original Tenant both as of the Effective Date of this Lease and as of the date of the proposed Transfer; (ii) Tenant notifies Landlord of such Transfer at least thirty (30) days prior thereto and promptly thereafter supplies Landlord with any documents or information reasonably requested by Landlord regarding such Transfer or such entity; and (iii) such Transfer is not a subterfuge by Tenant to avoid its obligations under this Lease or otherwise effectuate any "release" by Tenant of such obligations. The condition set forth in clause (i) above shall not be required in the case of a Transfer to an affiliate pursuant to clause (a) above provided that, if a Letter of Credit has not theretofore been delivered to Landlord and such Transfer is reasonably expected to trigger the requirement for a Letter of Credit under Section 7.2 above, then the effectiveness of such Transfer shall be conditioned upon delivery of such Letter of Credit to Landlord; otherwise, Tenant shall deliver reasonable proof to Landlord that such Transfer will not trigger the requirement for a Letter of Credit. A Transfer made in accordance with this Section 27.7 shall be referred to as a "Permitted Transfer" and the transferee shall be referred to as a "Permitted Transferee." "Control," as used in this Section 27.7, shall mean the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of more than fifty percent (50%) of the voting interest in, any person or entity. No Transfer under this Section 27.7 shall relieve Tenant from any of its obligations under this Lease whether or not accrued as of the date of Transfer.

28.

SUBORDINATION

Without the necessity of any additional documents being executed by Tenant for the purpose of effecting a subordination, and at the election of Landlord, or any current or future mortgagee or holder of deed of trust with a lien on the Building or the Project or any ground lessor with respect to the Building or the Project (each, a "Holder"), this Lease shall be subject and subordinate at all times to: (a) all ground leases or underlying leases which may now exist or hereafter be executed affecting the Building, the Project, or the land upon which the Building and the Project are situated, or both; and (b) the lien of any mortgage or deed of trust which may now exist or hereafter be executed in any amount for which the Building, the Project, the land upon which the Building and the Project are situated, ground leases or underlying leases, or Landlord's interest or estate in any of said items is specified as security (collectively, "Security Instruments"). Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated such ground leases or any such liens to this Lease. In the event that any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination, attorn to and become the tenant of the successor-in-interest to Landlord, at the option of such successor-in-interest to Landlord. Tenant covenants and agrees to execute and deliver, within ten (10) business days after demand by Landlord therefor, any customary and reasonable documents necessary to evidence the priority or subordination of this Lease with respect to any such Security Instruments, and Landlord shall have the right, but not the obligation, to cause any such additional documents to be recorded in the official records of the county in which the Project is located.

29.

ESTOPPEL CERTIFICATE

29.1.Tenant Estoppel Certificate. Within ten (10) business days following any written request which Landlord may make from time to time, Tenant shall execute and deliver to Landlord a statement, in a form substantially similar to the form of Exhibit "E" attached hereto, and incorporated herein by this reference (a "Tenant Estoppel Certificate") certifying: (a) the Commencement Date of this Lease; (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications hereto, that this Lease is in full force and effect, and stating the date and nature of such modifications); (c) the date to which the Rent and other sums payable under this Lease have been paid; (d) that to the actual knowledge of Tenant, there are no current defaults under this Lease by Landlord except as specified in Tenant's statement; and (e) such other matters as are reasonably included in such statement by Landlord. Landlord and Tenant intend that any statement delivered pursuant to this Article 29 may be relied upon by any mortgagee, lessor, beneficiary, purchaser or prospective purchaser of the Building or the Project or any interest therein.

29.2.Failure to Deliver. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant: (a) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (b) that there are no uncured defaults in Landlord's performance, (c) that not more than one (1) month's Rent has been paid in advance and (d) that the statements included in the Tenant Estoppel Certificate are true and correct, without exception. Additionally, any such failure to timely deliver a Tenant Estoppel Certificate shall constitute an immediate Tenant Default hereunder.

30.

INTENTIONALLY OMITTED

31.

SURRENDER OF PREMISES

Upon the expiration or earlier termination of the Term hereof, Tenant shall peaceably surrender the Premises and all Leasehold Improvements therein, excepting only any of the same that are required to be removed in accordance with Section 15.2 above, to Landlord broom-clean, in good order, repair and condition (reasonable wear and tear and casualty damage excepted), with all of Tenant's Personal Property removed and free of any Hazardous Materials, and shall otherwise comply with all of the requirements of Section 15.2 above and Section 41.1 below. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, operate as an assignment to it of any or all subleases or subtenancies. The delivery of keys to any employee of Landlord or to Landlord's agent or any employee thereof shall not be sufficient to constitute a termination of this Lease or a surrender of the Premises.

32.

PERFORMANCE BY TENANT

All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be timely performed by Tenant at Tenant's sole cost and expense and without any abatement of Rent. If Tenant shall fail to pay any sum of money owed to any party other than Landlord, for which it is liable hereunder, or if Tenant shall fail to timely perform any other act on its part to be performed hereunder Landlord may, without waiving or releasing Tenant from obligations of Tenant, but shall not be obligated to, make any such payment or perform any such other act to be made or performed by Tenant pursuant to Section 25.5 above.

33.

PARKING

Beginning on the Commencement Date, Tenant and Tenant's business visitors ("Tenant's Parking Invitees") shall be entitled to use the number of Tenant's Vehicle Parking Spaces set forth in Section 1.8 during the Initial Term, which Tenant's Vehicle Parking Spaces shall be located in the surface parking area of the Project ("Parking Area"). Subject to availability, as determined by Landlord in its sole discretion, Tenant may elect to use up to an additional fifteen (15) parking spaces in the Parking Area by delivery of written notice to Landlord, provided that Landlord delivers a written response thereto indicating the number of spaces, if any, available for Tenant's use and the dates upon which such spaces are available; provided further that Landlord shall have the right to reduce the number of such additional parking spaces at any time upon thirty (30) days' prior notice to Tenant. There shall be no direct charge attributable to Tenant's use of the Parking Area, other than any taxes imposed by any governmental authority in connection with the renting of parking spaces by Tenant or the use of the Parking Area by Tenant. Tenant's continued right to use the Parking Area is conditioned upon Tenant abiding by the Parking Rules and Regulations set forth on Exhibit "G" as amended from time to time for the orderly operation and use of the Parking Area, including any sticker, parking pass or other identification system established by Landlord, Tenant's cooperation in seeing that Tenant's employees and visitors also comply with the Parking Rules and Regulations and Tenant not being in default under this Lease (beyond any applicable notice and cure periods). Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Parking Area at any time and Tenant acknowledges and agrees that Landlord may, from time to time, close-off or restrict access to the Parking Area for purposes of permitting or facilitating any such construction, alteration or improvements; provided, however, in connection with any such access restrictions, the same shall be without incurring any liability to Tenant and without any abatement of Rent under this Lease to the extent Landlord provides any reasonably required temporary, alternate parking in close proximity to the Project. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to Landlord. Any parking passes issued to Tenant pursuant to this Article 33 shall be provided to Tenant solely for use by Tenant's own personnel and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval. Tenant may validate visitor parking by such method or methods as Landlord may establish, at the validation rate from time to time generally applicable to visitor parking.

34.

LIMITATION ON LIABILITY

34.1.Landlord's Liability. In consideration of the benefits accruing hereunder, Tenant and all of its successors and assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Landlord:

34.1.1.1.The sole and exclusive remedy shall be against Landlord's interest in the Building and Project;

34.1.1.2.Intentionally omitted;

34.1.1.3.No writ of attachment, execution, possession, or sale, will ever be levied against the assets of Landlord, except the Building;

34.1.1.4.The obligations under this Lease do not constitute personal obligations of any Landlord Indemnified Party (other than Landlord), and Tenant shall not seek recourse against any Landlord Indemnified Party (other than Landlord) or any of their personal assets (other than Landlord's interest in the Building and Project) for satisfaction of any liability in respect to this Lease (and, without limiting the foregoing, neither the negative capital account of any Landlord Indemnified Party, nor any obligation of any Landlord Indemnified Party to restore a negative capital account or to contribute capital to Landlord, shall at any time be deemed to be the property or an asset of Landlord, and neither Tenant nor any of its successors or assigns shall have any right to collect, enforce or proceed against or with respect to any such negative capital account of an Landlord Indemnified Party's obligation to restore or contribute); and

34.1.1.5.These covenants and agreements are enforceable by Landlord and the other Landlord Indemnified Parties.

35.

CONFIDENTIALITY

Tenant agrees that the terms and conditions of this Lease and any documents or information delivered hereunder are confidential and constitute proprietary information. Disclosure of the terms and conditions hereof or any documents or information delivered hereunder could adversely affect the ability of Landlord to negotiate with other tenants or potential tenants of the Building. Tenant and its partners, officers, members, managers, directors, employees, agents, advisors, representatives and attorneys, shall not disclose the terms and conditions of this Lease or any documents or information delivered hereunder to any other person without the prior written consent of Landlord except (a) pursuant to an order of a court of competent jurisdiction, (b) to its lenders or prospective lenders, (c) to accountants who audit its financial statements or prepare its tax returns, (d) to its attorneys, insurers, to any Governmental Authority or person to whom disclosure is required by applicable Law and (e) in connection with any action brought to enforce the terms of this Lease on account of the breach or alleged breach hereof. In the event that Tenant concludes that it is obligated by Law to disclose the terms of this Lease (e.g., pursuant to a filing with the Securities and Exchange Commission ("SEC") or the New York Stock Exchange), Tenant shall provide written notice to Landlord before any public disclosure, and the parties shall use their commercially reasonable efforts to cause a mutually agreeable release or announcement to be issued. The foregoing shall not preclude communications or disclosures by Tenant necessary to implement the provisions of this Lease or to comply with the accounting and disclosure obligations of the SEC or the rules of the New York Stock Exchange. If Tenant determines that it is required to file this Lease, a summary thereof, or a notification thereof, and/or descriptions related thereto, to comply with the requirements of an applicable stock exchange, SEC regulation, or any Governmental Authority, including the SEC, Tenant shall use commercially reasonable efforts to provide the maximum amount of advance written notice of any such required disclosure to Landlord with a minimum advance notice period of five (5) business days. Tenant will provide Landlord with a copy of this Lease marked to show provisions for which Tenant intends to seek confidential treatment. Tenant shall reasonably consider and incorporate Landlord's comments thereon to the extent consistent with the legal requirements governing redaction of information from material agreements that must be publicly filed.

36.

MISCELLANEOUS

36.1.Rules and Regulations. Tenant shall faithfully observe and comply with the "Rules and Regulations", a copy of which is attached hereto, marked Exhibit "F", and incorporated herein by this reference ("Rules and Regulations"), and all modifications thereof and additions thereto made from time to time by Landlord. Landlord shall not be responsible to Tenant for the violation or nonperformance by any other tenant or occupant of the Building or the Project of any of said Rules and Regulations.

36.2.Conflict of Laws. This Lease shall be governed by and construed pursuant to the Laws of the State of California (without reference to its conflicts of laws rules or principles).

36.3.Successors and Assigns. Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns (subject to the restrictions on Tenant's right to assign, sublet or transfer contained in Article 27).

36.4.Professional Fees. If Landlord should bring suit for possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provisions of this Lease, or for any other relief against Tenant hereunder, or in the event of any other litigation between the parties with respect to this Lease, then all reasonable costs and reasonable expenses, including, without limitation, actual professional fees such as appraisers', accountants', and attorneys' fees, incurred by the prevailing party therein 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.

36.5.Mortgagee Protection. Tenant shall give Notice to any beneficiary of a deed of trust or mortgage covering the Premises whose address shall have been furnished to Tenant of any default on the part of Landlord under this Lease, and shall offer such beneficiary or mortgagee a reasonable opportunity to cure the default, in no event less than sixty (60) days, including time to obtain possession of the Premises by power of sale or a judicial foreclosure if necessary to effect a cure.

36.6.Definition of Landlord. The term “Landlord”, as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title of the Premises or the lessees under any ground lease, if any. In the event of any transfer, assignment or other conveyance or transfers of any such title, the original landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer, assignment or conveyance of all liability as respects the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed. Without further agreement, the transferee of such title shall be deemed to have assumed and agreed to observe and perform any and all obligations of Landlord hereunder, during its ownership of the Premises. Landlord may transfer its interest in the Premises without the consent of Tenant and such transfer or any subsequent transfer shall not be deemed a violation on Landlord’s part of any of the terms and conditions of this Lease.

36.7.Identification of Tenant. If more than one person or entity executes this Lease as Tenant: (a) each of them shall be jointly and severally liable for observing and performing all of the terms, covenants, conditions, provisions and agreements of this Lease to be observed and performed by Tenant, and (b) the term “Tenant” as used in this Lease shall mean and include each of them jointly and severally. The act of or Notice from, or Notice or refund to, or the signature of any one or more of them, with respect to the tenancy of this Lease, including but not limited to any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted, so given or received such Notice or refund, or so signed.

36.8.Force Majeure. Each party shall have no liability whatsoever to the other party on account of any of the following (“Force Majeure”): (a) the inability of such party to fulfill, or any delay in fulfilling, any of its obligations under this Lease by reason of strike, other labor trouble, governmental preemption or priorities or other controls in connection with a national or other public emergency, or shortages of fuel, supplies or labor resulting therefrom, governmental or permitting delays, inclement weather, casualty, pandemic (including, without limitation, the COVID-19 pandemic), earthquake, war, riot, civil commotion, terrorism or any other cause, whether similar or dissimilar to the above, beyond such party’s reasonable control (financial condition excepted); or (b) any failure or defect in the supply, quantity, character, or maintenance of electricity, water, intrabuilding network telephone and data cable service, or other service furnished to the Premises by reason of any requirement, act or omission of the public utility or others furnishing the Building with such service, or for any other reason, whether similar or dissimilar to the above, beyond such party’s reasonable control. If this Lease specifies a time period for performance of an obligation of such party, that time period shall be extended by the period of any delay in such party’s performance caused by any of the events of Force Majeure described above. Notwithstanding the foregoing, nothing in this Section 36.8 shall relieve Tenant from the obligation to pay any Rent or extend the time for payment of any Rent.

36.9.Terms and Headings. The words “Landlord” and “Tenant” as used herein shall include the plural as well as the singular. Words used in any gender include other genders. The Article and Section headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

36.10.Examination of Lease. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

36.11.Time. Time is of the essence with respect to the performance of every provision of this Lease in which time is a factor.

36.12.Prior Agreement; Amendments. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter, written or verbal, shall be effective for any purpose. No provisions of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest.

36.13.Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and such other provisions shall remain in full force and effect.

36.14.Recording. Tenant shall not record this Lease or a short form memorandum hereof without the consent of Landlord (in its sole and absolute discretion), which consent may be conditioned upon Tenant's delivery to Landlord of a fully executed quitclaim releasing Tenant's interest in the Premises, the Project or any portion thereof.

36.15.Modification for Lenders. If, in connection with obtaining construction, interim or permanent financing for the Project the lender shall request reasonable modifications in this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or condition its consent thereto, provided that such modifications do not (a) materially increase the obligations or costs of Tenant hereunder, (b) materially adversely affect the leasehold interest hereby created or Tenant's rights hereunder, or (c) modify the size, location or access to the Premises.

36.16.Financial Statements. At any time during the Term of this Lease that Tenant's financial statements are not publicly available, Tenant shall, upon ten (10) business days' Notice from Landlord, provide Landlord with its current financial statements and financial statements of the two (2) years prior to the year in which Landlord's Notice was given (together with, if Tenant's obligations under this Lease are guaranteed, the guarantor's current financial statements and financial statements of the two (2) years prior to the year in which Landlord's Notice was given); provided Tenant shall not be required to provide such financial statements more than once in each consecutive twelve (12) month period during the Term unless (a) Tenant is in default under this Lease, or (b) requested in connection with a proposed sale, transfer, financing or refinancing of the Project or any portion thereof. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. All financial statements shall be certified as true and correct by Tenant's chief financial officer and Tenant agrees that Landlord may share such financial statements with prospective lenders or purchasers of the Property.

36.17.Quiet Enjoyment. Landlord covenants and agrees with Tenant that, upon Tenant paying the Rent required under this Lease and performing all of the covenants and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall during the Term, peaceably and quietly have, hold and enjoy the Premises in accordance with this Lease without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

36.18.Tenant as Corporation, Partnership or Limited Liability Company. If Tenant is a corporation, partnership or limited liability company, Tenant and the persons executing this Lease on behalf of Tenant represent and warrant that it is an entity duly qualified to do business in California and that the individuals executing this Lease on Tenant's behalf are duly authorized to execute and deliver this Lease on its behalf, in the case of a corporation, in accordance with its by-laws and with a duly adopted resolution of the board of directors of Tenant, a copy of which shall be delivered to Landlord upon execution hereof by Tenant, in the case of a partnership, in accordance with the partnership agreement and the most current amendments thereto, if any, copies of which shall be delivered to Landlord upon execution hereof by Tenant, and, in the case of a limited liability company, in accordance with its governing documents and any documents required thereby, copies of which shall be delivered to Landlord upon execution hereof by Tenant, and that this Lease is binding upon Tenant in accordance with its terms.

36.19.CASp Disclosure. For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant that the Building Common Areas, Project Common Areas and Premises, as of the date of this Lease, have not been inspected by a Certified Access Specialist (CASp), as that term is defined in California Civil Code Section 55.52. In accordance with subsection (e) of Section 1938 of the California Civil Code, Tenant is further notified as follows:

> A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a

CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

37.

SIGNAGE

Landlord retains absolute control over the exterior appearance of the Building and the Project and the exterior appearance of the Premises as viewed from the Building Common Areas and Project Common Areas. Tenant will not install, or permit to be installed, any drapes, furnishings, signs, lettering, designs, advertising or any items that will in any way alter the exterior appearance of the Building, the Project or the exterior appearance of the Premises as viewed from the Building Common Areas and Project Common Areas. Any sign, advertising, design, or lettering installed by Tenant shall be considered an Alteration and shall be subject to the provisions of Article 15; provided that Landlord shall have the right to withhold its consent to the same in its sole and absolute discretion. Subject to the foregoing, Landlord shall, at Tenant's sole cost and expense, (i) place Tenant's name on the Building's monument sign, (ii) install one (1) Building standard tenant suite identification sign adjacent to the door to the Premises, and (iii) place Tenant's name in the Building's main lobby directory, provided that Landlord shall retain absolute control over the appearance and design of such suite identification sign and lobby directory. All signage rights granted to Tenant under this Lease are personal to the original Tenant named herein, and may not be assigned or transferred without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

38.

EXECUTIVE ORDER 13224

Tenant hereby represents and warrants to Landlord that Tenant is not: (a) in violation of any Anti-Terrorism Law (defined below); (b) conducting any business or engaging in any transaction or dealing with any Prohibited Person (defined below), including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Prohibited Person; (c) dealing in, or otherwise engaging in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224; (d) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in any Anti-Terrorism Law; or (e) a Prohibited Person, nor are any of its partners, members, managers, officers or directors a Prohibited Person. As used herein, "Anti-Terrorism Law" is defined as any Law relating to terrorism, anti-terrorism, money laundering or anti-money laundering activities, including, without limitation, Executive Order No. 13224 and Title 3 of the USA Patriot Act. As used herein "Executive Order No. 13224" is defined as Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, or Support Terrorism." "Prohibited Person" is defined as: (i) a person or entity that is listed in the Annex to Executive Order No. 13224; (ii) a person or entity with whom Tenant or Landlord is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (iii) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, http://www.treas.gov/ofac/t11sdn.pdf or at any replacement website or other official publication of such list. "USA Patriot Act" is defined as the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56).

39.

WAIVER OF JURY TRIAL

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, LANDLORD AND TENANT WAIVE THE RIGHT TO A TRIAL BY JURY.

40.

TENANT REPRESENTATIONS

Tenant represents and warrants to Landlord as of the date hereof and continuing thereafter as follows:

(a) The execution and delivery of this Lease by Tenant will not result in a breach of the terms or provisions of, or constitute a default (or a condition that, upon notice or lapse of time, or both, would constitute a default) under Tenant's organizational documents, and will not constitute a violation of any Law applicable to Tenant.

(b) The person executing this Lease on Tenant's behalf is duly authorized to so act; that Tenant is duly organized, is qualified to do business in the jurisdiction in which the Building is located, is in good standing under the Laws of the state of its organization and the Laws of the jurisdiction in which the Building is located, and has the power and authority to enter into this Lease; and that all action required to authorize Tenant and such person to enter into this Lease has been duly taken.

(c) Any financial statements provided by Tenant are true, correct and complete in all material respects and do not omit to state a fact that would be material to Tenant's financial condition. There has been no material adverse change in Tenant's financial condition since Tenant provided such financial statements.

(d) Tenant is in compliance with all applicable anti-money laundering Laws, including, without limitation, the USA Patriot Act, and the Laws administered by the United States Treasury Department's Office of Foreign Assets Control, including, without limitation, Executive Order No. 13224. Tenant is not owned or controlled directly or indirectly by any person or entity, on the SDN List published by the United States Treasury Department's Office of Foreign Assets Control and Tenant is not a person otherwise identified by any Governmental Authority as a person with whom a U.S. Person is prohibited from transacting business. As of the date hereof, a list of such designations and the text of Executive Order No. 13224 are published under the internet website address www.ustreas.gov/offices/enforcement/ofac.

41.

ADDITIONAL PROVISIONS

41.1.Environmental Assessments. Upon Substantial Completion of the Tenant Improvements, Landlord, at its sole cost and expense, shall cause a Phase I environmental assessmentregardingthe Project to be prepared ("Phase I Assessment") and shall provide a copy of the same to Tenant. The Phase I Assessment shall serve as the "baseline" for determining the environmental condition of the Project upon Tenant's occupancy thereof unless such Phase I Assessment recommends further testing. In addition to the surrender obligations set forth elsewhere in this Lease (including, without limitation, Section 15.2 and Article 31), upon the expiration or earlier termination of this Lease, Tenant, at its sole cost and expense, shall (a) cause a Phase I environmental assessment (or similar non-invasive assessment) of the Project ("Phase I Surrender Assessment") to be performed and deliver the results thereof to Landlord no later than thirty (30) days following such expiration or earlier termination (but in no event shall the Phase I Surrender Assessment be dated more than ten (10) days prior to such expiration or earlier termination); and (b) if and to the extent recommended by the Phase I Surrender Assessment and consented to by Landlord in writing, cause a Phase II environmental assessment (or similar additional assessment) of the Project ("Phase II Surrender Assessment") to be performed and deliver the results thereof to Landlord no later than thirty (30) days following the date of the Phase I Surrender Assessment. In addition, Landlord shall have the right, in its sole and absolute discretion, to hire, or to cause Tenant to hire, an environmental consultant to conduct a physical inspection of the Project ("Environmental Inspection") upon the expiration or earlier termination of this Lease, which inspection shall be at Tenant's sole cost and expense. The Phase I Surrender Assessment and any Phase II Surrender Assessment and/or Environmental Inspection, as the same compare to the Phase I Assessment, shall be used to, among other things, determine the extent of Tenant's compliance (or noncompliance) with Section 8.3above as of the dates thereof.

41.2.Early Access. Following twenty-four (24) hours' notice to Landlord and upon receipt of written approval by Landlord (which shall not be unreasonably withheld or delayed), Landlord shall permit Tenant and its agents to enter the Premises approximately thirty (30) days prior to the Commencement Date ("Early Access Period") for the sole purpose of installing, at Tenant's sole cost and expense, its furniture, fixtures, equipment and cabling in the Premises; provided, however, that in no event shall such early access, regardless of when provided, extend or otherwise affect the Commencement Date. Any such entry shall be in a manner and upon terms and conditions and at times satisfactory to Landlord's representative. The foregoing license to enter the Premises prior to the Commencement Date is, however, conditioned upon Tenant's contractors and their subcontractors and employees working in harmony and not interfering with the work being performed by Landlord. If at any time such entry shall cause disharmony or interfere with the work being performed by Landlord, this license may be withdrawn by Landlord upon twenty-four (24) hours written notice to Tenant. Tenant shall be liable for any damages caused by Tenant's activities at the Premises. Such license is further conditioned upon the compliance by Tenant's contractors with all requirements imposed by Landlord on third party contractors, including, without limitation, the maintenance by Tenant and its contractors and subcontractors of workers' compensation and public liability and property damage insurance in amounts and with companies and on forms satisfactory to Landlord, with certificates of such insurance being furnished to Landlord prior to proceeding with any such entry. The entry shall be deemed to be under all of the provisions of this Lease except as expressly set forth in this Section 41.2. During the Early Access Period, Tenant shall have no obligation to pay Basic Rent or electricity costs (provided Tenant's electricity usage during such Early Access Period is not excessive). Landlord shall not be liable in any way for any injury, loss or damage which may occur to any such work being performed by Tenant, the same being solely at Tenant's risk. All costs and expenses in connection with or arising out of the performance of any work by Tenant during such early entry shall be borne by Tenant, and all payments therefor shall be made by Tenant promptly as they become due. Tenant shall, at its sole cost and expense, comply with all applicable laws, ordinances, regulations and policies governing its work. Except to the extent arising from the gross negligence or willful misconduct of Landlord, Tenant shall defend, indemnify and hold Landlord and its members, agents, employees, partners, and their respective employees, partners, officers, directors, agents, representatives, successors and assigns, harmless from and against any and all suits, claims, actions, losses, costs, liabilities or expenses (including reasonable attorneys' fees and claims for workers' compensation) to the extent arising out of or in connection with any and all work during such early entry (including, but not limited to, claims for breach of warranty, personal injury or property damage). Landlord shall have the right, in Landlord's sole and absolute discretion, to settle, compromise, or otherwise dispose of any and all suits, claims, and actions against any of the indemnified parties arising out of or in connection with the work performed by Tenant during any early entry. Tenant shall coordinate such entry with Landlord's building manager and, except as expressly set forth in this Section 41.1, such entry shall be made in compliance with all terms and conditions of this Lease and the Rules and Regulations attached hereto.

41.3.Right of First Refusal. Effective as of the Effective Date, provided that (a) Tenant is not in default under this Lease beyond applicable notice and cure periods and (b) Tenant occupies one hundred percent (100%) of the Premises, then Landlord agrees that prior to leasing Suite 110 in the Building, which consists of approximately 16,585 rentable square feet ("Offer Space"), to a third party for the first time, Landlord shall submit a copy of the first bona fide offer to lease such Offer Space from a third party that Landlord is willing to accept ("Offer") to Tenant. Tenant shall have a one-time right ("ROFR") to elect to lease the entire space identified in the Offer, on terms and conditions identical to those contained in the Offer (except as indicated below), provided that Tenant delivers written notice exercising its ROFR within five (5) business days following delivery of the copy of the Offer from Landlord to Tenant. If Tenant duly and timely exercises the ROFR, Landlord and Tenant shall promptly amend this Lease to include the Offer Space on terms and conditions identical to those contained in the Offer, except that (a) the term of the lease relative to the Offer Space shall be coterminous with the Lease for the Premises, (b) the Tenant's Vehicle Parking Spaces shall be increased on a pro rata basis following delivery of the Offer Space to Tenant, and (c) any concessions in the Offer (e.g., any improvement allowance) shall be equitably reduced to correspond with a reduced amortization period equal to the remaining portion of the existing Term. Once Landlord has delivered an Offer to Tenant pursuant to the above, if for any reason Tenant fails to duly and timely exercise the ROFR, or if Tenant properly exercises such right but thereafter for any reason does not enter into the amendment of the Lease within thirty (30) days after exercise of the ROFR (unless the delay is caused by Landlord), then Landlord shall be free to lease the Offer Space to another tenant (whether pursuant to the Offer described above or upon different terms or at a different time) without any obligation pursuant to this Section 41.3 and the ROFR shall terminate and be of no further force or effect. The ROFR shall be subject to the any superior rights of any existing tenants existing in writing as of the date of this Lease, shall apply during the Initial Term only (and not during any Option Term or other expansion term), shall be personal to the Original Tenant (or any Permitted Transferee) and may not be exercised or assigned, voluntarily or involuntarily, by or to any person or entity other than such Original Tenant or Permitted Transferee and shall not be assignable separate and apart from this Lease. Time is of the essence with respect to the ROFR.

41.4.Termination Option. Tenant shall have a one (1) time option to terminate this Lease ("Termination Option") effective on the last day of the eighty-fourth (84^{th}) full month of the Initial Term ("Termination Date"), provided that (a) Tenant shall give Landlord written notice ("Termination Notice") of its exercise of the Termination Option, if at all, no less than twelve (12) months prior to the Termination Date, (b) Tenant shall not be in default under the terms of this Lease (after the lapse of any applicable notice and cure periods) at the time Tenant delivers the Termination Notice to Landlord or at any time between delivery of the Termination Notice and the Termination Date, (c) concurrently with Tenant's delivery of the Termination Notice to Landlord, Tenant shall pay to Landlord fifty percent (50%) of the Termination Fee (as hereinafter defined), and (d) on or prior to the Termination Date, Tenant shall pay to Landlord the remaining fifty percent (50%) of the Termination Fee. As used herein, "Termination Fee" shall mean a termination fee in the amount of (i) Three Million Eight Hundred Thirty-Nine Thousand Four Hundred Twenty-Six and 10/100 Dollars ($3,839,426.10) (i.e., fifteen (15) months of the Basic Rent payable hereunder as of the Termination Date) plus (ii) fifteen (15) months of Tenant's Percentage of Operating Expenses and Real Property Taxes payable hereunder as of the Termination Date. The Termination Option is personal to the Original Tenant, may be exercised only by the Original Tenant, and may not be transferred in connection with any Transfer or exercised by any Transferee. Time is of the essence with respect to the Termination Option.

[*signatures on following page*]

IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date.

LANDLORD:

WATERIDGE PROPERTY OWNER, LP,
a Delaware limited partnership

By:HSRE-BPI I GP, LLC
a Delaware limited liability company,
its general partner

By: /s/ Stephen M. Gordon
Name: Stephen M. Gordon
Title: Authorized Signatory

TENANT:

ANAPTYSBIO, INC.,
a Delaware corporation

By: /s/ Eric Loumeau
Name: Eric Loumeau
Its: Interim CFO and General Counsel

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-215741, 333-223446, 333-229927, 333-236805, 333-253504, 333-263332, 333-270175, 333-277823, 333-281246, and 333-289301) on Form S-8 and in the registration statement (No. 333-283001) on Form S-3 of our report dated September 21, 2026, with respect to the consolidated financial statements of AnaptysBio, Inc.

/s/ KPMG LLP

San Diego, California
September 21, 2026

EXHIBIT 31.1

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Daniel Faga, certify that:

1. I have reviewed this transition report on Form 10-KT of AnaptysBio, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) 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 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: September 21, 2026

/s/ Daniel Faga
Daniel Faga
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher M. Murphy, certify that:

1. I have reviewed this transition report on Form 10-KT of AnaptysBio, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) 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 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: September 21, 2026

/s/ Christopher M. Murphy
Christopher M. Murphy
Chief Financial Officer
(Principal Financial 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

I, Daniel Faga, Chief Executive Officer of AnaptysBio, Inc. (Company), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Transition Report on Form 10-KT of the Company for the six month period ended June 30, 2026 (the "Report"), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: September 21, 2026

/s/ Daniel Faga
Daniel Faga
President and Chief Executive Officer
(Principal Executive Officer)

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

I, Christopher M. Murphy, Chief Financial Officer of AnaptysBio, Inc. (Company), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Transition Report on Form 10-KT of the Company for the six month period ended June 30, 2026 (the “Report”), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: September 21, 2026

/s/ Christopher M. Murphy
Christopher M. Murphy
Chief Financial Officer
(Principal Financial Officer)