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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2026
OR

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

For the transition period from __________ to __________
Commission File Number: 001-38311

Denali Therapeutics Inc.
(Exact name of registrant as specified in its charter)

Delaware	**46-3872213**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

161 Oyster Point Blvd.
South San Francisco, CA, 94080
(Address of principal executive offices and zip code)

(650) 866-8547
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	DNLI	Nasdaq Global Select Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of outstanding shares of the registrant's common stock as of May 1, 2026 was 158,709,737. This number does not include 28,331,779 shares of common stock issuable upon the exercise of pre-funded warrants outstanding as of May 1, 2026 (which are immediately exercisable at an exercise price of $0.01 per share of common stock, subject to beneficial ownership limitations). See Note 10 — Common Stock to the registrant's condensed consolidated financial statements.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Denali Therapeutics Inc.

Condensed Consolidated Balance Sheets
(Unaudited)
(In thousands, except share amounts)

	March 31, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 387,626	$ 205,326
Short-term marketable securities	600,058	662,553
Prepaid expenses and other current assets	35,068	32,779
Total current assets	1,022,752	900,658
Long-term marketable securities	63,785	98,322
Property and equipment, net	51,728	52,402
Finance lease right-of-use asset	47,616	48,531
Operating lease right-of-use asset	17,922	19,002
Intangible asset, net	36,000	—
Other non-current assets	26,220	25,939
Total assets	$ 1,266,023	$ 1,144,854
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 40,380	$ 505
Other accrued costs and current liabilities	69,776	97,846
Total current liabilities	110,156	98,351
Operating lease liability, less current portion	24,680	27,210
Finance lease liability, less current portion	5,508	5,532
Liability related to the revenue participation right agreement	199,581	—
Total liabilities	339,925	131,093
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Convertible preferred stock, $0.01 par value; 40,000,000 shares authorized as of March 31, 2026 and December 31, 2025; 0 shares issued and outstanding as of March 31, 2026 and December 31, 2025	—	—
Common stock, $0.01 par value; 400,000,000 shares authorized as of March 31, 2026 and December 31, 2025; 158,656,318 shares and 156,182,177 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	1,913	1,888
Additional paid-in capital	3,104,838	3,062,715
Accumulated other comprehensive income (loss)	(682)	682
Accumulated deficit	(2,179,971)	(2,051,524)
Total stockholders' equity	926,098	1,013,761
Total liabilities and stockholders' equity	$ 1,266,023	$ 1,144,854

See accompanying notes to unaudited condensed consolidated financial statements.

Denali Therapeutics Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)
(In thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2026	2025
Operating expenses:		
Research and development	$ 103,846	$ 116,227
General and administration	33,511	29,353
Total operating expenses	137,357	145,580
Loss from operations	(137,357)	(145,580)
Interest and other income, net	8,910	12,610
Net loss	$ (128,447)	$ (132,970)
Other comprehensive income (loss):		
Net unrealized gain (loss) on marketable securities, net of tax	(1,364)	17
Comprehensive loss	$ (129,811)	$ (132,953)
Net loss per share, basic and diluted	$ (0.69)	$ (0.78)
Weighted average number of shares outstanding, basic and diluted	186,636,978	171,222,030

See accompanying notes to unaudited condensed consolidated financial statements.

Denali Therapeutics Inc.

Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2024	144,220,986	$ 1,768	$ 2,764,880	$ 2,020	$ (1,538,984)	$ 1,229,684
Issuances under equity incentive plans	113,792	1	594	—	—	595
Vesting of restricted stock units	916,480	9	(9)	—	—	—
Stock-based compensation	—	—	25,360	—	—	25,360
Net loss	—	—	—	—	(132,970)	(132,970)
Other comprehensive income	—	—	—	17	—	17
Balance at March 31, 2025	145,251,258	$ 1,778	$ 2,790,825	$ 2,037	$ (1,671,954)	$ 1,122,686
Balance at December 31, 2025	156,182,177	$ 1,888	$ 3,062,715	$ 682	$ (2,051,524)	$ 1,013,761
Issuance of common stock, net of issuance cost of $45	746,468	8	12,358	—	—	12,366
Issuances under equity incentive plans	536,720	5	6,690	—	—	6,695
Vesting of restricted stock units	1,190,953	12	(12)	—	—	—
Stock-based compensation	—	—	23,087	—	—	23,087
Net loss	—	—	—	—	(128,447)	(128,447)
Other comprehensive loss	—	—	—	(1,364)	—	(1,364)
Balance at March 31, 2026	158,656,318	$ 1,913	$ 3,104,838	$ (682)	$ (2,179,971)	$ 926,098

See accompanying notes to unaudited condensed consolidated financial statements.

Denali Therapeutics Inc.

Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2026	**2025**
Operating activities		
Net loss	$ (128,447)	$ (132,970)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,845	2,325
Stock–based compensation expense	23,087	25,160
Net accretion of discounts on marketable securities	(1,259)	(3,888)
Non-cash adjustment to operating lease expense	(1,144)	(1,049)
Right-of-use asset amortization for finance lease	916	887
Other non-cash items	294	—
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(2,291)	(28,607)
Other non-current assets	(700)	(943)
Accounts payable	3,875	(2,639)
Accruals and other current liabilities	(22,395)	(9,686)
Deferred research and development funding liability	(5,985)	19,942
Net cash used in operating activities	(131,204)	(131,468)
Investing activities		
Purchases of marketable securities	(123,074)	(137,926)
Maturities and sales of marketable securities	220,000	161,752
Purchases of property and equipment	(2,466)	(5,078)
Net cash provided by investing activities	94,460	18,748
Financing activities		
Proceeds from underwriter exercising option to purchase common stock, net of issuance costs	12,366	—
Proceeds from sale of revenue participation right	200,000	—
Proceeds from exercise of awards under equity incentive plans	6,695	595
Payments for finance lease right-of-use asset	(17)	(4,357)
Net cash provided by (used in) financing activities	219,044	(3,762)
Net increase (decrease) in cash, cash equivalents and restricted cash	182,300	(116,482)
Cash, cash equivalents and restricted cash at beginning of period	208,432	176,535
Cash, cash equivalents and restricted cash at end of period	$ 390,732	$ 60,053
Supplemental disclosures of cash flow information		
Payment due on intangible asset acquired	$ 36,000	$ —

See accompanying notes to unaudited condensed consolidated financial statements.

Denali Therapeutics Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Significant Accounting Policies

Organization and Description of Business

Denali Therapeutics Inc. ("Denali" or the "Company") is a biopharmaceutical company, incorporated in Delaware, that discovers and develops therapeutics to defeat neurodegenerative diseases and lysosomal storage diseases. The Company is headquartered in South San Francisco, California.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of the Securities and Exchange Commission ("SEC") Regulation S-X for interim financial information.

These unaudited condensed consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the SEC on February 26, 2026 (the "2025 Annual Report on Form 10-K"). The Condensed Consolidated Balance Sheet as of December 31, 2025 was derived from the audited annual consolidated financial statements as of and for the period then ended. Certain information and footnote disclosures typically included in the Company's annual consolidated financial statements have been condensed or omitted. The accompanying unaudited condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary for a fair statement of the results of the interim periods presented. All such adjustments are of a normal recurring nature except for the impacts of adopting new accounting standards, if any, discussed below. These interim financial results are not necessarily indicative of results expected for the full fiscal year or for any subsequent interim period.

During the three months ended March 31, 2026 the Company added significant accounting policies related to intangible assets and the liability related to the revenue participation right. Aside from these new accounting policies, there were no material changes to the Company's significant accounting and financial reporting policies from those reflected in the 2025 Annual Report on Form 10-K. For further information with regard to the Company's Significant Accounting Policies, please refer to Note 1, "Significant Accounting Policies," to the Company's Consolidated Financial Statements included in the 2025 Annual Report on Form 10-K.

Principles of Consolidation

These unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. For the Company and its subsidiaries, the functional currency has been determined to be U.S. dollars. Monetary assets and liabilities denominated in foreign currency are remeasured at period-end exchange rates, non-monetary assets and liabilities denominated in foreign currencies are remeasured at historical rates, and transactions in foreign currencies are remeasured at average exchange rates. Foreign currency gains and losses resulting from remeasurement are recognized in interest and other income, net in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, as well as the reported amounts of expenses during the reporting period. Actual results could differ from those estimates, and such differences could be material to the Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Operations and Comprehensive Loss.

Concentration of Credit Risk and Other Risks and Uncertainties

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents, and marketable securities. Substantially all of the Company's cash and cash equivalents are deposited in accounts with financial institutions that management believes are of high credit quality. Such deposits have and will continue to exceed federally insured limits. The Company maintains its cash with accredited financial institutions and accordingly, such funds are subject to minimal credit risk.

The Company's investment policy limits investments to certain types of securities issued by the U.S. government and its agencies, as well as institutions with investment-grade credit ratings and places restrictions on maturities and concentration by type and issuer. The Company is exposed to credit risk in the event of a default by the financial institutions holding its cash, cash equivalents and marketable securities and issuers of marketable securities to the extent recorded on the Condensed Consolidated Balance Sheets. As of March 31, 2026 and December 31, 2025, the Company had no off-balance sheet concentrations of credit risk.

The Company is subject to a number of risks similar to other early commercial-stage biopharmaceutical companies, including, but not limited to, the risk that its approved product, AVLAYAH™ (tividenofusp alfa-eknm), may not achieve expected levels of market acceptance or commercial success; the need to obtain adequate additional funding to continue as a going concern; its history of significant losses and expectation of continued losses; possible failure or delay of current or future preclinical testing or clinical trials; its reliance on third parties to conduct its clinical trials, manufacture product, and support commercialization; the need to successfully develop, commercialize, and gain market acceptance of its product candidates; competitors developing new technological innovations; its rights to develop and commercialize its product candidates pursuant to the terms and conditions of licenses granted to the Company; protection of proprietary technology; the ability to make milestone, royalty or other payments due under license or collaboration agreements; the need to enforce its intellectual property rights; and the need to scale internal manufacturing and/or secure and maintain adequate manufacturing arrangements with third parties. If the Company does not successfully commercialize AVLAYAH or its other product candidates, it may be unable to generate sufficient product revenue or achieve profitability. Further, the Company is also subject to broad market risks and uncertainties, such as bank failures or instability in the financial services sector, geopolitical instability, war and armed conflicts, inflation, rising interest rates, and recession risks, as well as supply chain and labor shortages.

Investments

The Company holds an equity investment in a venture-backed privately held company. The privately held company is a Variable Interest Entity ("VIE"), but the Company is not the primary beneficiary. The Company does not have the power to direct the activities that most significantly impact the economic performance of the investee. The Company's maximum exposure to loss from this VIE is limited to the value of the equity investment. The equity investment held by the Company lacks a readily determinable fair value and therefore the securities are measured at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar equity securities of the same issuer. The Company reviews the carrying value of its equity investment for impairment whenever events or changes in business circumstances indicate the carrying amount of such asset may not be fully recoverable. Impairments, if any, are based on the excess of the carrying amount over the recoverable amount of the asset. There were no impairments during the three months ended March 31, 2026 and 2025.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with original maturities of 90 days or less at the date of purchase to be cash and cash equivalents. Cash equivalents are reported at fair value.

Cash, cash equivalents, and restricted cash reported within the Condensed Consolidated Statements of Cash Flows is composed of cash and cash equivalents reported in the Condensed Consolidated Balance Sheets and restricted cash of $3.1 million as of March 31, 2026 and December 31, 2025, which is included within other non-current assets in the Condensed Consolidated Balance Sheets. Restricted cash relates to letters of credit supporting the Company's headquarters building lease and a letter of credit supporting the Company's credit card program.

Marketable Securities

The Company generally invests its excess cash in money market funds and investment grade short to intermediate-term fixed income securities. Such investments are included in cash and cash equivalents, short-term marketable securities or long-term marketable securities on the Condensed Consolidated Balance Sheets, are considered available-for-sale, and are reported at fair value with net unrealized gains and losses included as a component of stockholders' equity.

The Company classifies investments in securities with remaining maturities of less than one year, or where its intent is to use the investments to fund current operations or to make them available for current operations, as short-term investments. The Company classifies investments in securities with remaining maturities of over one year as long-term investments, unless intended to fund current operations. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity, which is included in interest and other income, net in the Condensed Consolidated Statements of Operations and Comprehensive Loss. Realized gains and losses and declines in value determined to be due to credit losses on marketable securities, if any, are included in interest and other income, net.

The Company periodically evaluates the need for an allowance for credit losses. This evaluation includes consideration of several qualitative and quantitative factors, including whether it has plans to sell the security, whether it is more likely than not it will be required to sell any marketable securities before recovery of its amortized cost basis, and if the entity has the ability and intent to hold the security to maturity, and the portion of any unrealized loss that is the result of a credit loss. Factors considered in making these evaluations include quoted market prices, recent financial results and operating trends, implied values from any recent transactions or offers of investee securities, credit quality of debt instrument issuers, expected cash flows from securities, other publicly available information that may affect the value of the marketable security, duration and severity of the decline in value, and the Company's strategy and intentions for holding the marketable security.

Accounts Receivable

Accounts receivable are included within prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets. The accounts receivable balance represents amounts receivable from the Company's collaboration partners net of an allowance for credit losses, if required.

Intangible Assets

Milestone payments made to acquire or maintain rights to intellectual property associated with an approved product are capitalized when the related contingency is resolved and the payment becomes probable and payable. Amounts capitalized are recorded as intangible assets and generally amortized on a straight-line basis over the estimated useful life of the underlying intellectual property. The Company evaluates such intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Leases

The Company leases real estate and certain equipment for use in its operations. A determination is made as to whether an arrangement is a lease at inception. The Company recognizes finance and operating lease right-of-use ("ROU") assets, and finance and operating lease liabilities based on the present value of the future minimum lease payments at the commencement date. The Company adjusts ROU assets as needed for any lease incentives it receives and for assets it purchases that are regarded as landlord-owned. When determining the present value of lease payments, the Company uses its incremental borrowing rate on the date of lease commencement, or the rate implicit in the lease, if known. The Company does not assume renewals in its determination of the lease term unless the renewals are deemed by management to be reasonably certain at lease inception.

The Company recognizes amortization of the ROU assets and interest on the lease liabilities for its finance lease. Finance lease ROU assets are amortized on a straight-line basis from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. Operating lease expense is recognized on a straight-line basis over the lease term.

Leases with an initial term of twelve months or less are not recorded on the balance sheet, unless they include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company has leases with lease and non-lease components, which the Company has elected to account for as a single lease component.

Liability Related to the Revenue Participation Right

The Company accounts for the synthetic royalty funding agreement with Royalty Pharma Investments 2023 ICAV ("Royalty Pharma") pursuant to which Royalty Pharma agreed to provide up to $275.0 million in funding to the Company in exchange for a 9.25% royalty on worldwide net sales of AVLAYAH as a debt financing under ASC Topic 470, Debt (ASC 470). The $200.0 million of proceeds received in March 2026 are recorded as a liability on the Company's Condensed Consolidated Balance Sheets, net of transaction costs.

The liability will be amortized under the effective interest method based on the Company's estimates of future royalty payments to Royalty Pharma over the life of the agreement. The resulting non-cash interest expense is recognized in Interest and other income, net in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

The liability related to the revenue participation right and related interest expense are based on current estimates of the amount and timing of projected royalty payments, which are based on estimates of future AVLAYAH net sales. The Company periodically assesses the forecasted net sales and to the extent the amount or timing of estimated royalty payments are materially different than previous estimates, the Company will account for any such change by adjusting the liability related to the sale of future revenues and prospectively recognizing the related non-cash interest expense.

The Company classifies the portion of the liability related to the revenue participation right that is expected to be amortized or settled within twelve months of the reporting date as current, with the remainder classified as non-current. Classification is based on forecasted royalty payments and the related recognition of interest and principal under the effective interest method.

Comprehensive Loss

Comprehensive loss is composed of net loss and certain changes in stockholders' equity that are excluded from net loss, primarily unrealized gains or losses on the Company's marketable securities.

Net Loss Per Share

Basic net loss per share is calculated by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period, without consideration for common stock equivalents. Diluted net loss per share is the same as basic net loss per share, since the effects of potentially dilutive securities are antidilutive given the net loss for each period presented. The weighted-average common shares outstanding as of March 31, 2026 include the pre-funded warrants to purchase shares of common stock that were issued in connection with the February 2024 private placement and December 2025 public offering, as discussed further in Note 10.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued Accounting Standards Update No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40):* D*isaggregation of Income Statement Expenses*, which is intended to improve the disclosures of expenses by providing more detailed information about the types of expenses in commonly presented expense captions. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments can be applied either prospectively or retrospectively. The Company has not early adopted this update, and is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

2. Fair Value Measurements

Assets and liabilities measured at fair value at each balance sheet date are as follows (in thousands):

	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 81,146	$ —	$ —	$ 81,146
Short-term marketable securities:				
U.S. government treasuries	522,391	—	—	522,391
Corporate debt securities	—	77,667	—	77,667
Long-term marketable securities:				
U.S. government treasuries	40,308	—	—	40,308
Corporate debt securities	—	23,477	—	23,477
Total	$ 643,845	$ 101,144	$ —	$ 744,989

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 149,874	$ —	$ —	$ 149,874
Commercial paper	—	24,899	—	24,899
Short-term marketable securities:				
U.S. government treasuries	600,084	—	—	600,084
Corporate debt securities	—	62,469	—	62,469
Long-term marketable securities:				
U.S. government treasuries	58,545	—	—	58,545
Corporate debt securities	—	39,777	—	39,777
Total	$ 808,503	$ 127,145	$ —	$ 935,648

The Company’s Level 2 securities are valued using third-party pricing sources. The pricing services utilize industry standard valuation models, including both income and market-based approaches, for which all significant inputs are observable, either directly or indirectly.

The Company has not transferred any assets or liabilities between the fair value measurement levels for the three months ended March 31, 2026 or for the year ended December 31, 2025.

3. Marketable Securities

All marketable securities were considered available-for-sale at March 31, 2026 and December 31, 2025. On a recurring basis, the Company records its marketable securities at fair value using Level 1 or Level 2 inputs as discussed in Note 2, "Fair Value Measurements". The amortized cost, gross unrealized holding gains or losses, and fair value of the Company's marketable securities by major security type at each balance sheet date are summarized in the tables below (in thousands):

	March 31, 2026			
	Amortized Cost	Unrealized Holding Gains	Unrealized Holding Losses	Aggregate Fair Value
Short-term marketable securities:				
U.S. government treasuries	$ 522,445	$ 200	$ (254)	$ 522,391
Corporate debt securities	77,725	36	(94)	77,667
Total short-term marketable securities	600,170	236	(348)	600,058
Long-term marketable securities:				
U.S. government treasuries	40,396	—	(88)	40,308
Corporate debt securities	23,607	—	(130)	23,477
Total long-term marketable securities	64,003	—	(218)	63,785
Total	$ 664,173	$ 236	$ (566)	$ 663,843

	December 31, 2025			
	Amortized Cost	Unrealized Holding Gains	Unrealized Holding Losses	Aggregate Fair Value
Short-term marketable securities:				
U.S. government treasuries	$ 599,200	$ 893	$ (9)	$ 600,084
Corporate debt securities	62,407	71	(9)	62,469
Total short-term marketable securities	661,607	964	(18)	662,553
Long-term marketable securities:				
U.S. government treasuries	58,524	21	—	58,545
Corporate debt securities	39,710	69	(2)	39,777
Total long-term marketable securities	98,234	90	(2)	98,322
Total	$ 759,841	$ 1,054	$ (20)	$ 760,875

As of March 31, 2026 and December 31, 2025, some of the Company's marketable securities were in an unrealized loss position. The Company has not recognized an allowance for credit losses as of March 31, 2026 or December 31, 2025. The Company determined that it had the ability and intent to hold all marketable securities that have been in a continuous loss position until maturity or recovery. Further, a majority of these marketable securities are held in U.S. government securities, and the remainder were initially, and continue to be, held with investment grade, high credit quality institutions. All marketable securities with unrealized losses as of each balance sheet date have been in a loss position for less than twelve months or the loss is not material.

As of March 31, 2026, all of the Company's marketable securities have an effective maturity of less than two years.

4. Intangible Asset

In connection with the May 2018 acquisition of F-star Gamma Limited ("F-star Gamma") and related license arrangements, the Company is obligated to make contingent payments upon the achievement of specified preclinical, clinical, regulatory and commercial milestones. Additional information regarding these arrangements is included in Note 4, “Acquisition, License Agreement and Research and Development Funding Collaboration Agreement,” to the consolidated financial statements included in the Company’s 2025 Annual Report on Form 10-K.

In March 2026, following the U.S. Food and Drug Administration’s accelerated approval of AVLAYAH, a $36.0 million milestone payment became due under this arrangement. The amount was capitalized as an intangible asset and will be amortized on a straight-line basis over its estimated useful life. The amount is included in accounts payable in the Condensed Consolidated Balance Sheet as of March 31, 2026, and is expected to be fully paid by Q3 2026.

In addition to the U.S. regulatory milestone described above, the Company may be required to make additional contingent consideration payments of up to $174.0 million, composed of $24.0 million due upon regulatory approval of AVLAYAH in the European Union, and up to $150.0 million in commercial contingent payments.

5. Research and Development Funding Collaboration Agreement

In January 2024, the Company entered into a Collaboration and Development Funding Agreement with an unrelated third party, which obligates third party to provide up to $75.0 million of funding and collaborate with the Company to conduct a global Phase 2a study of BIIB122/DNL151 in patients with Parkinson’s disease and confirmed pathogenic variants of LRRK2. This arrangement is further described in Note 4, " Acquisition, License Agreement and Research and Development Funding Collaboration Agreement", to the consolidated financial statements in the 2025 Annual Report on Form 10-K.

Under this arrangement, the Company recognized an offset to research and development expenses of $6.0 million and $5.1 million in the Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2026 and 2025, respectively. The Company recorded current deferred research and development funding liabilities of $15.1 million and $21.1 million on the Condensed Consolidated Balance Sheet as of March 31, 2026 and December 31, 2025, respectively.

6. Collaboration Agreements

Biogen

In October 2020, the Company entered into a Definitive Collaboration and License Agreement (“LRRK2 Agreement”), pursuant to which it granted Biogen a license to co-develop and co-commercialize its small molecule LRRK2 inhibitor program (the “LRRK2 Program”), and a Right of First Negotiation, Option and License Agreement (the “ROFN and Option Agreement”), pursuant to which it granted an option and right of first negotiation to certain of the Company's programs utilizing our TransportVehicle™ ("TV") platform, including its amyloid beta program (collectively the "Biogen Collaboration Agreement"), with Biogen Inc.’s subsidiaries, Biogen MA Inc. (“BIMA”) and Biogen International GmbH (“BIG”) (BIMA and BIG, collectively, “Biogen”). The details of the Biogen Collaboration Agreement, the August 2023 amendment and July 2024 side letter to the ROFN and Option Agreement, and the payments the Company has received, and is entitled to receive, are further described in Note 5, "Collaboration Agreements", to the consolidated financial statements in the 2025 Annual Report on Form 10-K.

The Company has no remaining performance obligations under the Biogen Collaboration Agreement, and therefore no contract liability remained on the Condensed Consolidated Balance Sheets as of March 31, 2026 or December 31, 2025. As of March 31, 2026, the Company had not recorded milestone revenue or product sales under the Biogen Collaboration Agreement.

Sanofi

In October 2018, the Company entered into a Collaboration and License Agreement ("Sanofi Collaboration Agreement") with Genzyme Corporation, a wholly-owned subsidiary of Sanofi S.A. ("Sanofi"). The details of the Sanofi Collaboration Agreement, the February 2025 side letter, and the payments the Company has received, and is entitled to receive, are further described in Note 5, "Collaboration Agreements", to the consolidated financial statements in the Company's 2025 Annual Report on Form 10-K. The Company has no remaining performance obligations under the Sanofi Collaboration Agreement, and therefore no contract liability remains on the Condensed Consolidated Balance Sheets as of March 31, 2026 or December 31, 2025.

Under the Sanofi Collaboration Agreement, the Company is eligible to receive milestone payments totaling up to approximately $495.0 million upon achievement of certain clinical, regulatory and sales milestone events for Peripheral Products, and variable royalties on worldwide net sales. As of March 31, 2026, the Company had earned milestone payments of $100.0 million and had not recorded any product sales under the Sanofi Collaboration Agreement.

Takeda

In January 2018, the Company entered into a Collaboration and Option Agreement ("Takeda Collaboration Agreement") with Takeda Pharmaceutical Company Limited ("Takeda"). The details of the Takeda Collaboration Agreement are further described in Note 5, "Collaboration Agreements", to the consolidated financial statements in the Company's 2025 Annual Report on Form 10-K. There are no remaining performance obligations or potential payments remaining under the initial Takeda Option and Collaboration Agreement.

The opt-in by Takeda on the PTV:PGRN and ATV:TREM2 programs represented two new contracts with a customer for accounting purposes (the "PTV:PGRN Collaboration Agreement" and the "ATV:TREM2 Collaboration Agreement"), both of which became effective in December 2021. The February 2025 ATV:TREM2 discontinuation and the PTV:PGRN Collaboration Agreement are further described in Note 5, "Collaboration Agreements", to the consolidated financial statements in the Company's 2025 Annual Report on Form 10-K.

In April 2026, Takeda notified the Company of its decision to terminate the collaboration agreement related to PTV:PGRN. As a result, the Company will regain full rights to DNL593 and the related intellectual property portfolio. Subsequent to the effective date of the termination of the PTV:PGRN Collaboration Agreement, there are no future milestones, cost, or profit sharing related to this agreement.

As of March 31, 2026, the Company had earned an aggregate of $10.0 million in option fee payments and $10.0 million in milestone payments from Takeda under the PTV:PGRN and ATV:TREM2 Collaboration Agreements, and had not recorded any product sales under either agreement.

Cost Sharing Payments and Reimbursements

Cost sharing payments to collaboration partners recorded as expenses in research and development expenses in the Condensed Consolidated Statements of Operations and Comprehensive Loss, and cost sharing reimbursements from collaboration partners recorded as an offset to expense in research and development expenses in the Condensed Consolidated Statements of Operations and Comprehensive Loss are as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
Takeda Collaboration Agreement:		
PTV:PGRN cost sharing (reimbursements)	$ (1,617)	$ (1,511)
ATV:TREM2 cost sharing (reimbursements)	—	(152)
Total Takeda cost sharing (reimbursements)[1]	(1,617)	(1,663)
Biogen Collaboration Agreement: LRRK2 cost sharing payments[2]	3,863	4,651
Net cost sharing payments (reimbursements)	$ 2,246	$ 2,988

(1) Cost sharing reimbursements of $1.6 million and $1.6 million were recorded as a receivable within prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets as of March 31, 2026 and December 31, 2025, respectively.

(2) Cost sharing payments due to Biogen of $3.9 million and $2.8 million were recorded within other accrued costs and current liabilities on the Condensed Consolidated Balance Sheets as of March 31, 2026 and December 31, 2025, respectively.

7. Balance Sheet Components

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consists of the following (in thousands):

	As of	
	March 31, 2026	December 31, 2025
Accrued compensation	$ 9,218	$ 32,179
Accrued clinical and other research & development costs	21,475	22,283
Accrued manufacturing costs	9,031	5,336
Operating lease liability, current	9,769	9,463
Finance lease liability, current	90	83
Deferred research and development funding liability, current	15,116	21,101
Other accrued costs and current liabilities	5,077	7,401
Total accrued expenses and other current liabilities	$ 69,776	$ 97,846

8. Liability Related to the Revenue Participation Right

In December 2025, the Company entered into a synthetic royalty funding agreement (the “Royalty Agreement”) with Royalty Pharma. Pursuant to the Royalty Agreement, Royalty Pharma agreed to provide up to $275.0 million in funding to the Company in exchange for a 9.25% royalty on worldwide net sales of AVLAYAH ("Revenue Participation Right").

The Company received $200.0 million in gross proceeds in March 2026 triggered by the U.S. Food and Drug and Administration’s accelerated approval of AVLAYAH. The Company is entitled to receive an additional $75.0 million upon approval of AVLAYAH by the European Medicines Agency ("EMA") on or before December 31, 2029. The Company retains all worldwide development and commercialization rights to AVLAYAH.

The royalty obligation to Royalty Pharma will cease upon cumulative royalty payments reaching a cap of 3.0 times the total funding received, or 2.5 times the funding received if such cap is reached in respect of sales that occur on or before the end of the first quarter of 2039.

The $200.0 million, net of transaction costs of approximately $0.4 million, is recorded as a non-current liability on the Company's Condensed Consolidated Balance Sheet as of March 31, 2026 based on the estimated timing of future royalty payments. The royalty payments to Royalty Pharma will be recorded as a reduction of the liability. The additional $75.0 million contingent upon EMA approval of AVLAYAH has not been recognized as a liability as of March 31, 2026, as the receipt is contingent upon a future regulatory event. Upon receipt, the additional proceeds will be recorded as an increase to the liability, net of any incremental transaction costs, and the effective interest rate will be adjusted prospectively.

As of March 31, 2026, the Company's estimate of total future royalty payments resulted in an effective annual interest rate of approximately 11%. No royalty payments and non-cash interest expense were recognized during the three months ended March 31, 2026.

As of March 31, 2026, the carrying value of the liability approximates its estimated fair value. The Company’s projections of future royalty payments are subject to estimation uncertainty and are based on various assumptions underlying projected net product sales over the term of the agreement. These inputs are considered to be Level 3 inputs in the fair value hierarchy, as they involve unobservable inputs and judgment. Changes in these assumptions could have a material impact on the effective interest rate.

9. Commitments and Contingencies

Lease Obligations

In May 2018, the Company entered into an operating lease for its corporate headquarters in South San Francisco (the "Headquarters Lease"), and in April 2023, the Company entered into a finance lease for its clinical manufacturing site in Salt Lake City (the "SLC Lease"). Both leases are further described in Note 7, "Commitments and Contingencies," to the consolidated financial statements in the Company's 2025 Annual Report on Form 10-K.

There were no changes to the terms of the leases recognized under ASC 842 during the three months ended March 31, 2026 or 2025.

The following table summarizes lease costs recognized for the periods presented (in thousands):

	Three Months Ended March 31,	
	2026	**2025**
Operating lease cost	$ 1,853	$ 1,893
Finance lease cost:		
Amortization of ROU assets	916	887
Interest	179	181
Variable lease cost	1,040	1,353
Total lease costs	$ 3,988	$ 4,314

Operating cash flows for operating leases were $3.0 million and $2.9 million for the three months ended March 31, 2026 and 2025, respectively.

Indemnification

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to vendors, lessors, business partners, board members, officers, and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, services to be provided by the Company, negligence or willful misconduct of the Company, violations of law by the Company, or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with directors and certain officers and employees that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees. No demands have been made upon the Company to provide indemnification under such agreements, and thus, there are no claims that the Company is aware of that could have a material effect on the Company's Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations and Comprehensive Loss, or Condensed Consolidated Statements of Cash Flows.

Commitments

In the normal course of business, the Company enters into firm purchase commitments primarily related to supply of commercial product, certain research and development services, and clinical manufacturing activities. The Company had contractual obligations of $109.1 million as of March 31, 2026, of which $91.8 million relates to supply of commercial product, and $44.3 million as of December 31, 2025.

Contingencies

From time to time, the Company may be involved in lawsuits, arbitration, claims, investigations and proceedings consisting of intellectual property, employment and other matters which arise in the ordinary course of business. The Company records accruals for loss contingencies to the extent that the Company concludes that it is probable that a liability has been incurred and the amount of the related loss can be reasonably estimated.

10. Common Stock

In December 2025, the Company entered into a public offering of 9,142,857 shares of the Company's common stock and Pre-Funded Warrants to purchase 2,285,714 shares of Common Stock. This public offering and the Pre-Funded Warrants are both further described in Note 8, "Common Stock," to the consolidated financial statements in the Company's 2025 Annual Report on Form 10-K. In January 2026, the underwriters of the Company's December 2025 public offering exercised their option to purchase an additional 746,468 shares of common stock, resulting in aggregate net proceeds to the Company of approximately $12.4 million.

As of March 31, 2026, 28,331,779 shares of pre-funded warrants remained outstanding, and no pre-funded warrants were exercised during the three months ended March 31, 2026. These warrants are classified as permanent equity because they are freestanding financial instruments that are immediately exercisable, do not embody an obligation for the Company to repurchase its shares and permit the holders to receive a fixed number of shares of common stock upon exercise.

11. Stock-Based Awards

The Company has issued stock-based awards from various equity incentive and stock purchase plans, as more fully described in Note 9, "Stock-Based Awards" to the consolidated financial statements in the Company's 2025 Annual Report on Form 10-K.

Stock Option Activity

The following table summarizes stock option activity for the three months ended March 31, 2026:

	Number of Options	Weighted-Average Exercise Price
Balance at December 31, 2025	21,326,333	$ 26.39
Granted	2,336,591	16.55
Exercised	(536,720)	12.47
Forfeited	(476,118)	21.30
Expired	(102,577)	33.05
Balance at March 31, 2026	22,547,509	$ 25.77
Vested and expected to vest at March 31, 2026	22,547,509	$ 25.77
Exercisable at March 31, 2026	14,509,636	$ 29.32

The estimated fair value of stock options granted to employees were calculated using the Black-Scholes option-pricing model using the following assumptions:

	Three Months Ended March 31,	
	2026	2025
Expected term (in years)	6.08	6.08
Volatility	65.3% - 66.7%	64.8% - 65.3%
Risk-free interest rate	3.7% - 4.1%	4.0% - 4.5%
Dividend yield	—	—

Restricted Stock Activity

The following table summarizes restricted stock unit ("RSU") activity for the three months ended March 31, 2026:

	Number of RSU shares	Weighted-Average Fair Value at Date of Grant per Share
Unvested at December 31, 2025	5,124,629	$ 21.74
Granted	3,270,382	16.42
Vested and released	(1,190,953)	24.84
Forfeited	(328,049)	20.26
Unvested and expected to vest at March 31, 2026	6,876,009	$ 18.74

Stock-Based Compensation Expense

The Company’s results of operations include expenses relating to stock-based compensation as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
Research and development	$ 13,594	$ 15,137
General and administrative	9,493	10,023
Total	$ 23,087	$ 25,160

12. Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share (in thousands, except share and per share amounts):

	Three Months Ended March 31,	
	2026	2025
Numerator:		
Net loss	$ (128,447)	$ (132,970)
Denominator:		
Weighted average number of:		
Common stock shares outstanding	158,305,199	145,175,965
Pre-funded warrants	28,331,779	26,046,065
Total	186,636,978	171,222,030
Net loss per share	$ (0.69)	$ (0.78)

Since the Company was in a loss position for all periods presented, basic net loss per share is the same as diluted net loss per share for all periods as the inclusion of all potential shares of common stock outstanding would have been anti-dilutive.

Potentially dilutive securities, including options issued and outstanding, Employee Stock Purchase Plan (“ESPP”) shares issuable, and restricted shares subject to future vesting that were not included in the diluted per share calculations for the periods presented because they would be anti-dilutive totaled approximately 30.0 million and 27.4 million shares as of March 31, 2026 and 2025, respectively.

13. Non-Marketable Equity Investment

In March 2024, the Company divested certain assets, including specified intellectual property, tangible assets, and equipment used to conduct early stage small molecule drug discovery ("Divested Assets") through an Asset Purchase and License Agreement (the "Asset Purchase Agreement") executed with Tenvie Therapeutics, Inc. ("Tenvie"). This arrangement is further described in Note 13, "Divestiture of Preclinical Small Molecule Programs", to the consolidated financial statements in the 2025 Annual Report on Form 10-K.

The Company recorded the investment in the shares of Series A Preferred Stock at $15.0 million which represents the fair value of the shares on the date of issuance. There have been no subsequent observable price changes in orderly transactions for the identical or similar equity securities of Tenvie, and as such, the measurement of this investment remains unchanged, with the $15.0 million included within other non-current assets in the Condensed Consolidated Balance Sheets as of both March 31, 2026 and December 31, 2025.

14. Segment Information

The Company has one operating segment with the goal to discover, develop and commercialize therapeutics (“Therapeutics”). There have been no material changes to the Company's segment structure, the basis of segmentation, or the measurement basis for segment profit or loss or segment assets, compared to those disclosed in Note 14, "Segment Information", to the consolidated financial statements in the Company's 2025 Annual Report on Form 10-K.

The following table presents selected financial information with respect to the Company’s single operating segment for the three months ended March 31, 2026 and 2025 (in thousands):

	Therapeutics Segment Three Months Ended March 31,	
	2026	2025
Expenses		
External research and development expenses - TV programs, including cost sharing	$ 38,464	$ 41,987
Other research and development expenses, including small molecule programs	$ 23,554	$ 33,971
Personnel related research and development expenses	41,828	40,269
Total research and development expenses	103,846	116,227
Personnel related general and administrative expenses	22,564	18,738
Other general and administrative expenses	10,947	10,615
Total general and administrative expenses	33,511	29,353
Segment operating expenses	137,357	145,580
Segment loss from operations	(137,357)	(145,580)
Segment interest and other income, net	8,910	12,610
Segment net loss	$ (128,447)	$ (132,970)

There is no difference between the segment net loss and total consolidated net loss for the three months ended March 31, 2026 and 2025.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our condensed consolidated financial statements and the related notes to those statements included elsewhere in this Quarterly Report on Form 10-Q. This discussion and analysis and other parts of this report contain forward-looking statements based upon current beliefs, plans, and expectations related to future events and our future financial performance that involve risks, uncertainties, and assumptions, such as statements regarding our intentions, plans, objectives, expectations, forecasts, and projections. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under the section titled "Risk Factors" included in this Quarterly Report on Form 10-Q.

Forward-looking statements include, but are not limited to, statements about:

- *the progress, success, cost, and timing of our development activities, preclinical studies and clinical trials, and in particular the development of our blood-brain barrier ("BBB") platform technology, programs, and biomarkers, including the initiation and completion of studies or trials and related preparatory work, enrollment in such trials, the timing of when data from clinical trials will become available, the advancement of new molecule entities into clinical development and related timing, and the filing of investigational new drug applications or clinical trial applications;*
- *the impact of preclinical findings on our ability to achieve exposures of our product candidates that allow us to explore a robust pharmacodynamic range of these candidates in humans;*
- *the expected potential benefits and potential revenue resulting from strategic collaborations with third parties and our ability to attract collaborators with development, regulatory, and commercialization expertise;*
- *the timing or likelihood of regulatory filings and approvals;*
- *our ability to obtain and maintain regulatory approval of our product candidates, and any related restrictions, limitations, and/or warnings in the label of any approved product candidate;*
- *the extent to which any dosing limitations that we have been subject to, and/or may be subject to in the future, may affect the success of our product candidates;*
- *the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates and technology;*
- *the terms and conditions of licenses granted to us and our ability to license and/or acquire additional intellectual property relating to our product candidates and Transport Vehicle™ ("TV");*
- *our ability to obtain funding for our operations, including funding necessary to develop and commercialize our current and potential future product candidates;*
- *our ability to successfully market, manufacture, and commercialize AVLAYAH and any other products for which we obtain marketing approval;*
- *future agreements with third parties in connection with the commercialization of our product candidates;*

- *the size and growth potential of the markets for AVLAYAH and any other product candidates and our ability to serve those markets;*
- *the rate and degree of market acceptance of our product candidates;*
- *existing regulations and regulatory developments in the United States and foreign countries;*
- *potential claims relating to our intellectual property and third-party intellectual property;*
- *our ability to contract with third-party suppliers and manufacturers and their ability to perform adequately;*
- *our ability to successfully conduct in-house manufacturing;*
- *the pricing and reimbursement of AVLAYAH and any other product candidates that receive approval;*
- *the success of competing products or platform technologies that are or may become available;*
- *our ability to attract and retain key managerial, scientific, and medical personnel;*
- *the accuracy of our estimates regarding expenses, future revenue, capital requirements, and needs for additional financing;*
- *our ability to enhance operational, financial, and information management systems;*
- *the impact of adverse economic conditions such as instability in the financial services sector, rising interest rates, rising inflation and increased labor market competition;*
- *the impact of increased geopolitical uncertainty and related global economic disruptions and social conditions on our business; and*
- *our financial performance.*

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in “Risk Factors.” In some cases, you can identify these statements by terms such as “anticipate,” “believe,” “could,” “estimate,” “expects,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would,” or the negative of those terms, and similar expressions that convey uncertainty of future events or outcomes. These forward-looking statements reflect our beliefs and views with respect to future events and are based on estimates and assumptions as of the date of this Quarterly Report on Form 10-Q and are subject to risks and uncertainties. We discuss many of these risks in greater detail in the section entitled “Risk Factors” included in Part II, Item 1A and elsewhere in this report. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible 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. Given these uncertainties, you should not place undue reliance on these forward-looking statements. We qualify all of the forward-looking statements in this Quarterly Report on Form 10-Q by these cautionary statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, whether as a result of new information, future events, or otherwise.

Overview

Key elements of our strategy include:

1) **Discover:** Invent a new class of barrier-crossing therapeutics by leveraging our TV platforms and deep expertise in blood-brain barrier ("BBB") biology to enhance the delivery of biotherapeutics to the brain and throughout the body.

2) **Develop:** Accelerate and expand a broad portfolio of TV-based product candidates to fully unlock the potential of barrier-crossing therapeutics, applying patient-informed development and driving biomarker-guided regulatory approvals.

3) **Deliver:** Launch initial products targeting rare lysosomal storage diseases as a strategic foundation for expansion into common neurodegenerative conditions and other serious diseases, while building integrated capabilities for long-term growth and profitability.

We currently have one approved product. Our commercial product, AVLAYAH™ (tividenofusp alfa-eknm) received U.S. Food and Drug Administration ("FDA") approval on March 24, 2026 and is approved for the treatment of neurologic manifestations in patients with Hunter syndrome or mucopolysaccharidoses II (MPS II) when initiated in presymptomatic or symptomatic pediatric patients weighing at least 5 kg prior to advanced neurologic impairment. Continued approval for this indication may be contingent upon verification of clinical benefit in a confirmatory trial. We began commercial distribution of AVLAYAH in April 2026.

The approval of AVLAYAH is based on the reduction of a key disease biomarker, cerebrospinal fluid heparan sulfate (CSF HS), as a surrogate endpoint reasonably likely to predict clinical benefit in the treatment of neurologic manifestations of Hunter syndrome. In a Phase 1/2 clinical trial, AVLAYAH demonstrated a 91% (95% CI: 89%, 92%) reduction in CSF HS levels from baseline by week 24 of treatment. At week 24, 93% (41 of 44) of AVLAYAH-treated patients had CSF HS levels within the range of individuals without Hunter syndrome. The most common adverse reaction in the study was infusion-related reactions. The ongoing global Phase 2/3 COMPASS study is designed to generate confirmatory evidence and support global regulatory submissions for AVLAYAH. This study includes young adults living with Hunter syndrome.

In connection with the approval of AVLAYAH, the FDA granted us a Rare Pediatric Disease Priority Review Voucher ("PRV"). This voucher may be used to obtain priority review for a future marketing application or transferred to another sponsor.

Our clinical-stage programs are as follows:

- DNL126 (ETV:SGSH), composed of N-sulfoglucosamine sulfohydrolase ("SGSH") fused to TV, is designed to deliver SGSH into cells and tissues throughout the body, including the brain, by crossing the BBB, with the goal of treating MPS IIIA (Sanfilippo syndrome type A);

- DNL593 (PTV:PGRN), composed of PGRN fused to TV, is designed to restore PGRN levels in the brain with the goal of treating frontotemporal dementia ("FTD") associated with a mutation in the granulin ("GRN") gene.

- DNL952 (ETV:GAA), composed of acid alpha-glucosidase ("GAA") fused to TV and engineered to replace GAA in all tissues, with the goal of treating Pompe disease;

- DNL628 (OTV:MAPT), composed of an antisense oligonucleotide ("ASO") against MAPT fused to TV, is designed to suppress gene expression of MAPT encoding the tau protein with the goal of treating Alzheimer's disease ("AD");

- BIIB122/DNL151, a small molecule LRRK2 inhibitor, is being developed in collaboration with Biogen for the potential treatment of Parkinson's disease ("PD"); and

- Eclitasertib (SAR443122/DNL758), a peripheral and non-central nervous system ("CNS") penetrant small molecule RIPK1 inhibitor, is being developed by Sanofi to address peripheral inflammatory diseases such as ulcerative colitis ("UC");

The following table summarizes key information about our ongoing clinical studies for our approved product and clinical-stage programs:

Program	Product Candidate	Clinical Study(ies)	Indication	Operational Control
ETV:IDS	tividenofusp alfa	Ph 1/2 Ph 2/3	Hunter syndrome (MPS II)	Denali
ETV:SGSH	DNL126	Ph 1/2	Sanfilippo syndrome Type A (MPS IIIA)	Denali
PTV:PGRN	DNL593	Ph 1/2	FTD-GRN	Denali
ETV:GAA	DNL952*	Ph 1 (planned)	Pompe disease	Denali
OTV:MAPT	DNL628	Ph 1b	Alzheimer's disease	Denali
LRRK2	BIIB122/DNL151	Ph 2a Ph 2b	Parkinson's disease	Denali Joint with Biogen
RIPK1 (Peripheral)	eclitasertib, or SAR443122/DNL758	Ph 2	UC	Sanofi

* Regulatory application to begin clinical testing has been approved by Health Authorities.

Since we commenced operations, we have devoted substantially all of our resources to discovering, acquiring and developing product candidates, building our TV platform, assembling our core capabilities in understanding key neurodegenerative and lysosomal storage disease pathways, operationalizing clinical trials, building manufacturing capabilities and establishing commercial capabilities.

Key operational and financing milestones in 2026 to date include:

- In January 2026, we announced that the FDA has lifted the clinical hold on the IND application for DNL952, and we are proceeding with the Phase 1 study;

- In January 2026, we announced that the Clinical Trial Application ("CTA") for DNL628 (OTV:MAPT) to initiate a Phase 1b study in Alzheimer's disease was approved. In March 2026, the first patient was dosed in the Phase 1b study of DNL628, which is an investigational therapy enabled by Denali's Oligonucleotide TransportVehicle™ (OTV);

- In February 2026, we presented preliminary open-label Phase 1/2 data for DNL126 study at the 2026 WORLD Symposium demonstrating substantial reductions in CSF HS, including normalization from baseline, and in urine HS with a safety profile consistent with other enzyme replacement therapies. The Phase 1/2 study remains on track for completion in 2026, supporting a potential accelerated approval pathway and commercial launch by the second half of 2027, with planning for a global Phase 3 confirmatory study underway;

- In March 2026, we announced the FDA granted accelerated approval for AVLAYAH, the first FDA-approved biologic specifically designed to cross the blood-brain barrier and reach the whole body, including the brain. We began commercial distribution of AVLAYAH in April 2026. In connection with the approval of AVLAYAH, the FDA granted us a Rare Pediatric Disease PRV;

- In March 2026, we received $200.0 million in gross proceeds in connection with the closing of the synthetic royalty funding agreement with Royalty Pharma Investments 2023 ICAV ("Royalty Pharma"); and

- In April 2026, we announced we received notification from Takeda of its decision to terminate the collaboration agreement to co-develop and co-commercialize DNL593 (PTV:PGRN) for Frontotemporal Dementia (FTD-GRN). The termination will become effective 60 days following the notice date, at which time all rights in the DNL593 program will revert to Denali. Takeda's decision to terminate the collaboration agreement for DNL593 was driven by strategic considerations and not related to efficacy or safety data. Data from the ongoing Phase 1/2 study of DNL593, including biomarker results, are expected by the end of 2026.

Until March 2026, we had no clinical products approved for commercial sale and thus had not generated any revenue from product candidates that are or were under development. Subsequent to receiving FDA approval for AVLAYAH, we began commercial distribution in April 2026. We expect it to take time to generate sufficient revenue to offset our expenses, and we can provide no assurance as to when, if ever, this will occur. Through March 31, 2026, we have funded our operations primarily from the issuance and sale of convertible preferred stock, the sale of common stock and pre-funded warrants to purchase shares of our common stock in public offerings and private placements, and payments received from our collaboration, synthetic royalty and other funding agreements with Takeda, Sanofi, Biogen, Royalty Pharma and other third parties.

We have incurred significant operating losses to date and expect to continue to incur operating losses for the foreseeable future. We had net losses of $128.4 million and $133.0 million for the three months ended March 31, 2026 and 2025, respectively. As of March 31, 2026, we had an accumulated deficit of $2.18 billion. Our ability to generate product revenue will depend on the successful development and eventual commercialization of one or more of our product candidates. We expect to continue to incur significant expenses and operating losses as we advance our approved product AVLAYAH to full US and broader global approval; advance our current clinical stage programs through healthy volunteer and patient trials; broaden and improve our TV platform; acquire, discover, validate and develop additional product candidates; obtain, maintain, protect and enforce our intellectual property portfolio; and hire additional personnel.

Through 2024, we relied entirely on third-party contract manufacturers to manufacture and supply our preclinical and clinical materials to be used during the development of our product candidates through 2024. In early 2025, we opened our clinical biomanufacturing facility in Salt Lake City, Utah, expanding U.S. manufacturing capabilities and strengthening supply chain control and operational efficiency. Going forward, we plan to use both our SLC facility and third-party contract manufacturers to supply our preclinical and clinical materials. We currently use third-party contract manufacturers to supply commercial product of AVLAYAH, and expect to continue to do so for the foreseeable future.

Components of Operating Results

Operating Expenses

Research and Development

Research and development activities account for a significant portion of our operating expenses. We record research and development expenses as incurred. Research and development expenses incurred by us for the discovery and development of our product candidates and TV platform include:

- external research and development expenses, including:
  - expenses incurred under arrangements with third parties, such as contract research organizations ("CROs"), preclinical testing organizations, contract development and manufacturing organizations ("CDMOs"), academic and non-profit institutions and consultants;
  - expenses to acquire technologies to be used in research and development that have not reached technological feasibility and have no alternative future use;
  - fees related to our license and collaboration agreements;
- personnel related expenses, including salaries, benefits and stock-based compensation expense; and
- other expenses, which include direct and allocated expenses for laboratory, facilities and other costs.

A portion of our research and development expenses are direct external expenses, which we track on a program-specific basis once a program has commenced late-stage IND-enabling studies.

Program expenses include expenses associated with our most advanced product candidates and the discovery and development of backup or next-generation molecules. We also track external expenses associated with our TV platform. These expenses include external expenses incurred by us relating to our Takeda Collaboration Agreement and Biogen Collaboration Agreement. All external costs associated with earlier stage programs, or that benefit the entire portfolio, are tracked as a group. We also incur personnel and other operating expenses for our research and development programs which are presented in aggregate. These expenses primarily relate to salaries and benefits, stock-based compensation, facility expenses including rent and depreciation, and lab consumables. Where we share costs with our collaboration partners, such as in our Biogen Collaboration Agreement and Takeda Collaboration Agreement, research and development expenses may include cost sharing reimbursements from, or payments to, our collaboration partners. Further, where we receive R&D funding from third parties, this may be recognized as a reduction to research and development expenses.

It is challenging to predict the nature, timing and estimated long-range costs of the efforts that will be necessary to complete the development of, and obtain regulatory approval for, any of our product candidates. This is made more challenging by events outside of our control, such as increased geopolitical uncertainty. We are also unable to predict when, if ever, material net cash inflows will commence from sales or licensing of AVLAYAH or any of our other product candidates. This is due to the numerous risks and uncertainties associated with drug development, including the uncertainty of:

- our ability to add and retain key research and development and commercial, sales and marketing personnel;
- our ability to establish an appropriate safety profile with IND-enabling toxicology studies;
- our ability to successfully develop, obtain regulatory approval for, and then successfully commercialize, our product candidates;
- our successful enrollment in and completion of clinical trials;
- the costs associated with the development of any additional product candidates we identify in-house or acquire through collaborations;
- our ability to discover, develop and utilize biomarkers to demonstrate target engagement, pathway engagement and the impact on disease progression of our molecules;
- our ability to establish agreements with third-party manufacturers for clinical supply for our clinical trials and commercial manufacturing, if our product candidates are approved;
- the terms and timing of any collaboration, license or other arrangement, including the terms and timing of any milestone payments thereunder;
- our ability to obtain and maintain patent, trade secret and other intellectual property protection and regulatory exclusivity for our product candidates if and when approved;
- our receipt of marketing approvals from applicable regulatory authorities;
- our ability to commercialize products, if and when approved, whether alone or in collaboration with others; and
- the continued acceptable safety profiles of the product candidates following approval.

A change in any of these variables with respect to the development of any of our product candidates would significantly change the costs, timing and viability associated with the development of that product candidate. We expect our research and development expenses to increase at least over the next several years as we continue to implement our business strategy, advance our current programs, expand our research and development efforts, seek regulatory approvals for any product candidates that successfully complete clinical trials, access and develop additional product candidates and incur expenses associated with hiring additional personnel to support our research and development efforts. In addition, product candidates in later stages of clinical development generally incur higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials.

General and Administrative

General and administrative expenses include personnel related expenses, such as salaries, benefits, travel and stock-based compensation expense, expenses for outside professional services, pre-commercialization activities, and allocated expenses. Outside professional services consist of legal, accounting and audit services and other consulting fees, including those associated with our commercial organization. Allocated expenses consist of rent, depreciation and other expenses related to our office and research and development facility not otherwise included in research and development expenses. We have increased our administrative headcount to support the commercialization of AVLAYAH and may continue to increase headcount to support our commercial and research and development activities, which we expect will increase general and administrative expenses.

Interest and Other Income, Net

Interest and other income, net, consists primarily of interest income, investment income earned on our cash, cash equivalents and marketable securities, and sublease income, as well as an offset for interest expense on our finance lease liability.

Results of Operations

Comparison of the three months ended March 31, 2026 and 2025

The following table sets forth the significant components of our results of operations (in thousands):

	Three Months Ended March 31,		Change	
	2026	2025	$	%
Operating expenses:				
Research and development	$ 103,846	$ 116,227	$ (12,381)	(11) %
General and administrative	33,511	29,353	4,158	14
Total operating expenses	137,357	145,580	(8,223)	(6)
Loss from operations	(137,357)	(145,580)	8,223	(6)
Interest and other income, net	8,910	12,610	(3,700)	(29)
Net loss	$ (128,447)	$ (132,970)	$ 4,523	(3) %

* Percentage is not meaningful.

Research and development expenses. Research and development expenses were $103.8 million and $116.2 million for the three months ended March 31, 2026 and 2025, respectively.

The following tables provide a breakdown of our research and development expenses by category (in thousands):

	Three Months Ended March 31,		Change	
	2026	2025	$	%
External research and development expenses - TV programs, including cost sharing	$ 38,464	$ 41,987	$ (3,523)	(8) %
Other research and development expenses, including small molecule programs	23,554	33,971	(10,417)	(31)
Personnel related expenses[(1)]	41,828	40,269	1,559	4
Total research and development expenses	$ 103,846	$ 116,227	$ (12,381)	(11) %

(1) Personnel related expenses include stock-based compensation expense of $13.6 million and $15.1 million for the three months ended March 31, 2026 and 2025, respectively, reflecting a decrease of $1.5 million.

The decrease in research and development expenses of approximately $12.4 million for the three months ended March 31, 2026 compared to the three months ended March 31, 2025, was primarily attributable to the following:

- a decrease of $3.5 million in TV program external research and development expenses driven by decreased manufacturing costs related to our tividenofusp alfa program, partially offset by increased spending in clinical programs including DNL126, and multiple preclinical programs;

- a decrease of $10.4 million in other research and development expenses, comprising external costs related to small molecule programs, lab and internal manufacturing consumables, general facilities costs, and consultant costs. The decrease was primarily due to the wind-down of activities related to our DNL343 program subsequent to the first quarter of 2025, and due to lower consultant costs related to preparation of the tividenofusp alfa regulatory filing in the prior-year period, partially offset by increased manufacturing consumables for our large molecule manufacturing facility in Salt Lake City, Utah.

These decreases were partially offset by an increase of $1.6 million in personnel-related expenses, primarily due to higher salaries associated with increased headcount to support the expansion of operations at our large molecule manufacturing facility.

General and administrative expenses. General and administrative expense was $33.5 million and $29.4 million for the three months ended March 31, 2026, and 2025, respectively. The increase of $4.1 million for the three month period was primarily driven by higher personnel-related costs due to increased headcount in the first quarter of 2026, reflecting headcount additions made throughout 2025 to support post-launch activities for AVLAYAH.

Liquidity and Capital Resources

Sources of Liquidity

As of March 31, 2026, we had cash, cash equivalents and marketable securities in the amount of $1.05 billion. We fund our operations primarily with the proceeds from the sale of common stock and payments received from our collaboration partners, including those received under agreements with Takeda, Sanofi, and Biogen, and we expect product sales to contribute to funding our operations following the commercial launch of AVLAYAH, although such revenues are not expected to be sufficient to offset our expenses in the near term. We have sold common stock and other securities in public offerings, a private placement, and stock purchase agreements with Takeda and Biogen.

Through March 31, 2026 we have obtained aggregate net proceeds of approximately $956.1 million from public offerings of our common stock, including $12.4 million obtained through the sale of 746,468 shares of common stock in January 2026. In March 2026, we received $200.0 million in gross proceeds in connection with the closing of the synthetic royalty funding agreement with Royalty Pharma, triggered by the U.S. Food and Drug and Administration’s accelerated approval of AVLAYAH. Under stock purchase agreements with collaboration partners we have received a further $575.0 million through March 31, 2026.

Further, in February 2024 we received net proceeds of approximately $499.3 million from our private placement through the sale of approximately 3.2 million shares of common stock and pre-funded warrants to purchase approximately 26.0 million shares of our common stock.

In February 2025, we established a registered “at-the-market” facility for the potential future sale of up to $400.0 million of shares of common stock from time to time by entering into an equity distribution agreement with Goldman Sachs & Co. LLC and Leerink Partners LLC as sales agents. To date, no shares have been sold under either equity distribution agreement. All sales under the current equity distribution agreement are conditioned upon satisfaction of customary closing conditions.

Through March 31, 2026, we have received $115.0 million, $225.0 million, $565.0 million and $50.0 million, pursuant to our collaboration and research and development funding agreements with Takeda, Sanofi, Biogen and an unrelated third party, respectively. These payments include upfront, option and milestone payments. Additionally, we have received $56.6 million and $16.2 million in gross cost sharing reimbursements from Takeda and Biogen, respectively, and received $13.7 million in specified reimbursements from Sanofi.

Future Funding Requirements and Commitments

Prior to the FDA approval of AVLAYAH, we had not generated any product revenue. Following the FDA approval of AVLAYAH, we commenced commercialization in April 2026 and expect to begin generating product revenue; however, we expect it to take time to generate sufficient revenue to offset our expenses, and we can provide no assurance as to when, if ever, this will occur. We do not expect to generate any product revenue from our other product candidates unless and until we obtain regulatory approval for those product candidates, and we do not know when, if ever, this will occur.

We expect to continue to incur significant losses for the foreseeable future, and we expect the losses to increase as we expand our research and development activities and continue the development of, and seek regulatory approvals for, our product candidates, and commercialize AVLAYAH and any additional approved products. Further, we expect general and administrative expenses to increase as we continue to incur additional costs associated with supporting our growing operations, including commercialization activities. We are subject to all of the risks typically related to the development of new product candidates, as well as risks associated with the commercialization of an approved product, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. We anticipate that we will need substantial additional funding in connection with our continuing operations.

Until we can generate sufficient revenue from the commercialization of AVLAYAH and any future approved products, or from our existing collaboration agreements, or future agreements with other third parties, if ever, we expect to finance our future cash needs through public or private equity, debt or other alternative financings. Additional capital may not be available on reasonable terms, if at all. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we may have to significantly delay, scale back or discontinue the development or commercialization of one or more of our product candidates, or our commercial operations. If we raise additional funds through the issuance of additional debt or equity securities, it could result in dilution to our existing stockholders, increased fixed payment obligations and the existence of securities with rights that may be senior to those of our common stock. If we incur indebtedness, we could become subject to covenants that would restrict our operations and potentially impair our competitiveness, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. Additionally, any future collaborations we enter into with third parties may provide capital in the near term but limit our potential cash flow and revenue in the future. Any of the foregoing could significantly harm our business, financial condition and prospects.

Since our inception, we have incurred significant losses and negative cash flows from operations. We have an accumulated deficit of $2.18 billion as of March 31, 2026. We expect to incur substantial additional losses in the future as we support the commercialization of AVLAYAH and conduct and expand our research and development activities. We believe that our existing cash, cash equivalents and marketable securities will be sufficient to enable us to fund our projected operations through at least the twelve months following the filing date of this Quarterly Report on Form 10-Q, including our existing commitments as outlined below. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. In the longer term, we anticipate that we will need substantial additional resources to fund our operations and meet future commitments.

Our existing commitments primarily relate to our obligations under existing lease agreements, certain commercial product, clinical and manufacturing agreements. As of March 31, 2026, we had total undiscounted lease payment obligations of $51.1 million. We had total non-refundable purchase commitments of $109.1 million as of March 31, 2026. While the lease obligations span multiple years, the majority of the purchase commitments are due within the upcoming twelve months. Further, we may be required to make contingent payments under existing arrangements upon the achievement of defined clinical, regulatory and commercial milestones in certain programs, including contingent consideration payments to former shareholders of F-star under the F-star Gamma license, and milestone and royalty payments to Genentech under the Genentech License Agreement. These commitments are more fully described in Note 9 "Commitments and Contingencies" of our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, and in Note 4, "Acquisition, License Agreement and Research and Development Funding Collaboration Agreement" and Note 7, "Commitments and Contingencies" to the consolidated financial statements included in Item 8. of our Annual Report on Form 10-K filed on February 26, 2026.

In March 2026, we received $200.0 million in gross proceeds under the Royalty Agreement with Royalty Pharma, which is recorded as a liability related to the revenue participation right on our Condensed Consolidated Balance Sheet as of March 31, 2026. Under the Royalty Agreement, we may receive an additional $75.0 million upon approval of AVLAYAH by the EMA on or before December 31, 2029. In exchange, Royalty Pharma is entitled to a 9.25% royalty on worldwide net sales of AVLAYAH until cumulative royalty payments reach a cap of 3.0 times the total funding received, or 2.5 times the total funding received if such cap is reached on or before the first quarter of 2039. These obligations are described in this Quarterly Report on Form 10-Q in Note 8, “Liability Related to the Revenue Participation Right”.

Our future funding requirements, including any changes to existing commitments or the establishment of new commitments, will depend on many factors, including:

- our ability to obtain regulatory approval for our product candidates, establish sales and marketing capabilities, and successfully market such approved product candidates, including the successful commercialization of AVLAYAH;
- the timing and progress of preclinical and clinical development activities;
- the number and scope of preclinical and clinical programs we decide to pursue;
- the progress of the development efforts of third parties with whom we have entered into license and collaboration agreements;
- our ability to maintain our current research and development programs and to establish new research and development, license or collaboration arrangements;
- our ability and success in securing manufacturing relationships with third parties or in operating a manufacturing facility;
- the costs involved in prosecuting, defending and enforcing patent claims and other intellectual property claims;
- the cost and timing of regulatory approvals;
- our efforts to enhance operational, financial and information management systems and hire additional personnel, including personnel to support development of our product candidates; and
- the costs and ongoing investments to in-license and/or acquire additional technologies.

A change in the outcome of any of these or other variables with respect to the development and delivery of any of our product candidates could significantly change the costs and timing associated with the development and delivery of that product candidate. Furthermore, our operating plans may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such operating plans.

Cash Flows

The following table sets forth a summary of the primary sources and uses of cash for each of the periods presented below (in thousands):

	Three Months Ended March 31,	
	2026	2025
Net cash used in operating activities	$ (131,204)	$ (131,468)
Net cash provided by investing activities	94,460	18,748
Net cash provided by (used in) financing activities	219,044	(3,762)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 182,300	$ (116,482)

Net Cash Used In Operating Activities

During the three months ended March 31, 2026, net cash used in operating activities was $131.2 million, which consisted of a net loss of $128.4 million, adjusted by non-cash items primarily related to stock-based compensation expense, depreciation and amortization, net accretion of discounts on marketable securities, and non-cash rent expenses. Cash used in operating activities was also driven by changes in our operating assets and liabilities.

Net Cash Provided By Investing Activities

During the three months ended March 31, 2026, net cash provided by investing activities was $94.5 million, which consisted of $220.0 million in proceeds from the maturities of marketable securities, partially offset by $123.1 million of purchases of marketable securities and $2.5 million capital expenditures to purchase property and equipment.

Net Cash Provided By Financing Activities

During the three months ended March 31, 2026, cash provided by financing activities was $219.0 million which consisted of $200.0 million gross proceeds related to the sale of the revenue participation right under the synthetic royalty funding agreement with Royalty Pharma, $12.4 million of proceeds from public offerings of our common stock, and $6.7 million in proceeds from the exercise of stock options.

Critical Accounting Estimates

This discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported revenues recognized and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Our significant accounting policies are described in detail in the notes to our consolidated financial statements included elsewhere in this report. In our “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the SEC on February 26, 2026, we described the accounting estimates that we believe involve a significant level of estimation uncertainty which could have a material impact on our financial condition or results of operations. There have been no material changes to these critical accounting estimates during the three months ended March 31, 2026.

Recent Accounting Pronouncements

There have been no new accounting pronouncements or changes to accounting pronouncements during the three months ended March 31, 2026, as compared to the recent accounting pronouncements described in our Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the SEC on February 26, 2026, that are of significance or potential significance to us.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business, primarily related to interest rate and foreign currency sensitivities.

Interest Rate Sensitivity

We are exposed to market risk related to changes in interest rates. We had cash, cash equivalents and marketable securities of $1.05 billion as of March 31, 2026, which consisted primarily of money market funds and marketable securities, largely composed of investment grade, short to intermediate term fixed income securities.

The primary objective of our investment activities is to preserve capital to fund our operations. We also seek to maximize income from our investments without assuming significant risk. To achieve our objectives, we maintain a portfolio of investments in a variety of securities of high credit quality and short-term duration, according to our board-approved investment policy. Our investments are subject to interest rate risk and could fall in value if market interest rates increase. A hypothetical 10% relative change in interest rates during any of the periods presented would not have had a material impact on our condensed consolidated financial statements.

Foreign Currency Sensitivity

The majority of our transactions occur in U.S. dollars. However, we do have certain transactions that are denominated in currencies other than the U.S. dollar, primarily the Euro, Swiss Franc and British Pound, and we therefore are subject to foreign exchange risk. The fluctuation in the value of the U.S. dollar against other currencies affects the reported amounts of expenses, assets and liabilities primarily associated with a limited number of preclinical, clinical and manufacturing activities.

ITEM 4. CONTROLS AND PROCEDURES

Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures

As of March 31, 2026, management, with the participation of our Chief Executive Officer and Chief Operating and Financial Officer, has 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 the Chief Executive Officer and the Chief Operating and Financial Officer, to allow timely decisions regarding required disclosures.

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. Based on this evaluation, our Chief Executive Officer and Chief Operating and Financial Officer concluded that, as of March 31, 2026, the design and operation of our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Operating and Financial Officer, has evaluated any changes in our internal control over financial reporting during the quarter ended March 31, 2026, to identify any change that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting, as required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act. During the quarter ended March 31, 2026, we completed deployment of a new enterprise resource planning system (“ERP”). We have made changes to our internal control over financial reporting to address the related processes and systems.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in litigation or other legal proceedings. We are not currently a party to any litigation or legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management attention and resources and other factors.

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 Quarterly Report on Form 10-Q, including our financial statements and the related notes and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." 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. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations and the market price of our common stock.

Risk Factor Summary

This summary of risks provides an overview of the principal risks we are exposed to. These risks are more fully described below.

Risks Related to Our Business, Financial Condition and Capital Requirements

- We are a commercial-stage biopharmaceutical company in the initial stages of commercializing our product AVLAYAH, which may make it difficult for investors to evaluate our business and prospects.
- We have incurred significant net losses since our inception and anticipate that we will continue to incur net losses for the foreseeable future.
- To the extent that AVLAYAH is not commercially successful, our business, financial condition and results of operations would be materially and adversely affected and the price of our common stock would decline.
- We may require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital if or when needed on acceptable terms, or at all, could harm our business.
- We may expend our limited resources on programs that do not yield a successful product candidate and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Risks Related to the Discovery, Development and Commercialization of Our Product and Product Candidates

- We are heavily dependent on the successful development of our TV platform and the programs currently in our pipeline. If we are unable to successfully and timely commercialize AVLAYAH or our other product candidates, our business could be harmed.
- Our estimated market opportunities are subject to numerous uncertainties and may prove to be inaccurate. If we have overestimated the size of our market opportunities, our future growth may be limited.
- We may encounter substantial delays in our clinical trials or difficulties enrolling patients, or may not be able to conduct or complete our clinical trials on the timelines we expect, if at all.
- Our clinical trials may reveal significant adverse events, toxicities, or other side effects and may fail to demonstrate substantial evidence of the safety and efficacy or potency of AVLAYAH or our product candidates, which would prevent, delay, or limit the scope of regulatory approval and commercialization.
- Interim, topline, and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available, and are subject to audit and verification procedures that could result in material changes in the final data.
- We face significant competition in an environment of rapid technological and scientific change, and our operating results may suffer if we fail to compete effectively.
- We may fail to successfully manufacture our product candidates, operate our own manufacturing facility, or obtain regulatory approval to utilize or commercialize from our manufacturing facility.
- AVLAYAH and our other product candidates may not achieve adequate market acceptance necessary for commercial success.
- AVLAYAH and any other product candidates for which we receive approval may become subject to unfavorable pricing regulations, third-party reimbursement practices, or healthcare reform initiatives.
- Our biologic, or large molecule, product candidates for which we intend to seek approval may face competition sooner than anticipated.
- If any of our small molecule product candidates obtain regulatory approval, additional competitors could enter the market with generic versions of such drugs, which may result in a material decline in sales of affected products.
- If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.

Risks Related to Regulatory Approval and Other Legal Compliance Matters

- The regulatory approval processes of the FDA, European Medicines Agency ("EMA") and comparable foreign regulatory authorities are lengthy, time consuming, and inherently unpredictable. If we are ultimately unable to obtain regulatory approval for our product candidates, we will be unable to generate product revenue.

- We currently conduct clinical trials outside the United States, and the FDA, EMA and applicable foreign regulatory authorities may not accept data from such trials.
- A significant portion of our international sales are made based on special access programs, and changes to these programs could adversely affect our product sales and revenues in these countries.
- Even if we obtain regulatory approval for a product candidate, our products will remain subject to extensive regulatory scrutiny.
- To the extent we seek orphan drug designation for any of our product candidates, we may be unable to obtain such designations or to maintain the benefits associated with orphan drug status.
- Healthcare legislative measures aimed at reducing healthcare costs may have a material adverse effect on our business and results of operations.
- If we or our employees, contractors, partners, and vendors fail to comply with healthcare laws or regulatory requirements, we could face substantial penalties and our business could be adversely affected.
- Our business is subject to complex and evolving U.S. and foreign laws and regulations, information security policies, and contractual obligations relating to privacy, data protection, and data security.
- If we or any contract manufacturers and suppliers we engage fail to comply with environmental, health, and safety laws and regulations, we could become subject to fines or penalties or incur costs.
- Our business activities may be subject to the Foreign Corrupt Practices Act and similar anti-bribery and anti-corruption laws, as well as U.S. and certain foreign export controls, trade sanctions, and import laws and regulations.
- Inadequate funding for the FDA, USPTO, SEC, and other government agencies could hinder or result in the suspension of their operations, which could negatively impact our business.

Risks Related to Our Reliance on Third Parties
- We depend on collaborations with third parties for the research, development and commercialization of certain product candidates. If any such collaborations are not successful, we may not be able to realize the market potential of those product candidates.
- We rely on third parties to conduct our clinical trials and some aspects of our research and preclinical testing, and those third parties may not perform satisfactorily.
- Our reliance on third parties for the manufacture of the significant majority of the materials for our research programs, preclinical studies, and clinical trials may increase the risk that we will not have sufficient quantities of such materials or product candidates.
- We depend on third-party suppliers for key raw materials used in our manufacturing, and the loss of these suppliers or their inability to supply us with adequate raw materials could harm our business.

Risks Related to Our Intellectual Property
- If we are unable to obtain and maintain patent protection for our product candidates or our TV technology, our competitors could develop and commercialize products or technology similar or identical to ours, and adversely affect our ability to commercialize any product candidates.
- If any of our owned or in-licensed patent applications do not issue as patents in any jurisdiction, we may not be able to compete effectively.
- If the scope of any patent protection we obtain is not sufficiently broad, or if we lose any of our patent protection, our ability to prevent our competitors from commercializing similar or identical technology and product candidates would be adversely affected.
- Our rights to develop and commercialize our TV technology and product candidates are subject, in part, to the terms of licenses granted to us by others or licenses granted by us to others.
- If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could lose license rights that are important to our business.
- We may not be able to protect our intellectual property and proprietary rights throughout the world.
- Our patent protection could be reduced or eliminated if we are unable to comply with requirements imposed by government patent agencies.
- Changes in U.S. patent law could impair our ability to protect our products.
- Issued patents covering our TV technology, product candidates and other technologies could be found invalid or unenforceable if challenged.
- Patent terms may be inadequate to protect our competitive position on our product candidates for an adequate amount of time.

- We may be subject to claims challenging the inventorship of our intellectual property.
- If we are unable to protect the confidentiality of our trade secrets, our business would be harmed.
- We may not be successful in obtaining, through acquisitions, in-licenses, or otherwise, necessary rights to our TV platform, product candidates or other technologies.
- We may be subject to claims that our employees, consultants, or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers.
- Third-party intellectual property claims against us, our licensors or our collaborators may prevent or delay the development of our TV platform, product candidates and other technologies.
- We may become involved in lawsuits to protect or enforce our patents and other intellectual property rights, which could be expensive, time consuming, and unsuccessful.
- If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Risks Related to Our Operations
- If we are not successful in attracting, motivating and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.
- We will need to grow the size and capabilities of our organization, and we may experience difficulties in managing this growth.
- We have engaged in and may in the future engage in acquisitions or strategic partnerships, which may increase our capital requirements, dilute our stockholders, or cause us to incur debt or assume contingent liabilities.
- Our internal computer systems, or those used by our collaborators, CROs or other contractors, may fail or suffer security breaches or incidents that could compromise the confidentiality, integrity, and availability of such systems and data, expose us to liability, and affect our reputation.
- Business disruptions, including as a result of geopolitical events and global pandemics, could seriously harm our future revenue and financial condition and increase our costs and expenses.
- Our business is subject to economic, political, regulatory, and other risks associated with international operations.
- Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

Risks Related to Ownership of Our Common Stock
- The market price of our common stock has been and may continue to be volatile, which could result in substantial losses for investors.
- If securities analysts publish negative evaluations of our stock, or if they do not publish research or reports about our business; the price of our stock and trading volume could decline.
- Sales of substantial amounts of our common stock in the public markets, or the perception that such sales might occur, could cause the market price of our common stock to decline significantly, even if our business is doing well.
- Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.
- Our principal stockholders and management own a significant percentage of our stock and will be able to exercise significant influence over matters subject to stockholder approval.
- If we are unable to maintain effective internal controls, our business, financial position and results of operations and growth prospects could be adversely affected.
- We do not expect to pay any dividends for the foreseeable future. Investors may never obtain a return on their investment.
- Delaware law and provisions in our charter documents might prevent a change in control of our company or changes in our management, depressing the trading price of our common stock.
- Our amended and restated certificate of incorporation provides exclusive forums for disputes between us and our stockholders, limiting their ability to obtain a favorable judicial forum.

Risks Related to Our Business, Financial Condition and Capital Requirements

We are a commercial-stage biopharmaceutical company in the initial stages of commercializing our product AVLAYAH™, which may make it difficult for investors to evaluate our current business and likelihood of success and viability.

We are a commercial-stage biopharmaceutical company with a limited operating history upon which you can evaluate our business and prospects. We commenced operations in May 2015 and received our first FDA product approval in March 2026 for AVLAYAH. We are continuing to transition from a company with a research and development focus to a company capable of supporting commercial activities and we may not be successful in such transition. We are still in the early stages of demonstrating our ability to arrange for a third party to manufacture at commercial scale, or conduct sales, marketing, and distribution activities necessary for successful product commercialization. Our limited operating history makes any assessment of our future success and viability subject to significant uncertainty. We will encounter risks and difficulties frequently experienced by biopharmaceutical companies in rapidly evolving fields and with recently approved therapies. If we do not address these risks and difficulties or successfully make a commercial transition, our business will suffer.

We may not become profitable and may need to obtain additional funding to continue operations. Revenue from the sale of any product candidate for which regulatory approval is obtained will be dependent, in part, upon the size of the markets in the territories for which we gain regulatory approval, the accepted price for the product, the ability to obtain reimbursement at any price, and whether we own the commercial rights for that territory. If the number of addressable patients is not as significant as we anticipate, the indication approved by regulatory authorities is narrower than we expect, or the reasonably accepted population for treatment is narrowed by competition, physician choice, or treatment guidelines, we may not generate significant revenue from product sales. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis.

Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our pipeline of product candidates, or continue our operations and cause a decline in the value of our common stock, all or any of which may adversely affect our viability.

We have incurred significant net losses since our inception and anticipate that we will continue to incur net losses for the foreseeable future.

We have incurred significant net losses since our inception. Our net losses were $128.4 million and $133.0 million for the three months ended March 31, 2026 and 2025, respectively. As of March 31, 2026, we had an accumulated deficit of $2.18 billion.

We have invested significant financial resources in research and development activities, including for our preclinical and clinical product candidates and our TV platform. Our operations to date include organizing and staffing our company, business planning, raising capital, identifying potential product candidates, establishing licensing arrangements, undertaking various research and nonclinical studies, conducting clinical trials, establishing manufacturing and supply operations, and preparing for and launching commercialization activities. The amount of our future net losses will depend, in part, on the level of our future expenditures and revenue.

We expect to continue to incur significant expenses and increasingly higher operating losses for the foreseeable future. Our prior losses and expected future losses have had and will continue to have an adverse effect on our stockholders' equity and working capital. Moreover, our net losses may fluctuate significantly from quarter to quarter and year to year, such that a period-to-period comparison of our results of operations may not be a good indication of our future performance. In any particular quarter or quarters, our operating results could be below the expectations of securities analysts or investors, which could cause our stock price to decline.

Our near-term revenues are highly dependent on the successful commercialization of AVLAYAH, which received marketing approval in March 2026 from the FDA. To the extent that AVLAYAH is not commercially successful, our business, financial condition and results of operations would be materially and adversely affected and the price of our common stock would decline.

Our future success is highly dependent on our ability to timely complete successful clinical trials, obtain marketing authorization for, and then successfully commercialize, AVLAYAH and our other product candidates. AVLAYAH is our only drug that has been approved for sale and it has only been approved for the treatment of neurologic manifestations in patients with Hunter syndrome (MPS II) when initiated in presymptomatic or symptomatic pediatric patients weighing at least 5 kg prior to advanced neurologic impairment. Prior to AVLAYAH, we had not, as an organization, launched or commercialized a product, and there is no guarantee that we will be able to successfully commercialize AVLAYAH. There are numerous examples of unsuccessful product launches and failures to meet high expectations of market potential. If the commercialization of AVLAYAH is unsuccessful or perceived as disappointing, our stock price could decline and the long-term success of the product and our company could be harmed.
The success of AVLAYAH will depend on several factors, including the following:

- making arrangements with third-party manufacturers for both clinical and commercial supplies of AVLAYAH and ensuring a resilient, effective supply chain that produces supply capable of meeting demand;
- implementing marketing, pricing and reimbursement strategies, as well as adequate demand forecasts for supply and sales planning;
- establishing sales, marketing and distribution capabilities for AVLAYAH, whether alone or in collaboration with others in a market where promotional sales approaches are rapidly moving to digital platforms and access of sales representatives to major institutions remains uncertain;
- acceptance of AVLAYAH by patients, physicians, the medical community and third-party payors underpinned by adequate health economic data and a meaningful value proposition;
- obtaining and maintaining third-party payor coverage and adequate reimbursement in both public and private payor spaces across multiple countries;
- effectively competing with other therapies, including those that have not yet entered the market;
- effectively competing with other companies in the pharmaceutical and biotechnology industries, which are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary and novel products and product candidates;
- obtaining appropriate support from patient advocacy organizations;
- effectively shaping the market in the early years following launch to help providers understand a new approach to identifying and treating eligible patients;
- whether our patents will be sufficient to prevent generic competition for AVLAYAH after our orphan drug exclusivity expires;
- the successful completion of any required or committed post-marketing studies and available funding to perform any such post-marketing requirements or post-marketing commitments;
- maintaining a continued acceptable safety profile of the products following approval.

Many of these factors are beyond our control, and if we cannot address any of them in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize AVLAYAH and our product candidates, which would materially harm our business.

Due to the ongoing commercialization of AVLAYAH and continued development of our product candidates, our capital requirements are difficult to predict and may change. We may require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital if or when needed on acceptable terms, or at all, could harm our business.

We expect to continue to expend substantial resources in connection with our commercialization efforts, the development of our current product candidates, the maintenance and expansion of our business operations and capabilities, and the development or acquisition of additional product candidates.

Because the outcome of any nonclinical study or clinical trial is highly uncertain, we cannot reasonably estimate the actual amount of resources necessary to successfully complete the development and commercialization of any of our product candidates. Similarly, due to the complexities of our recent transition to a commercial-stage company, it is challenging to estimate the actual amounts necessary to successfully commercialize any products approved for sale. In addition to the uncertainties related to commercialization of AVLAYAH, our resource estimates will depend on a number of discovery- and development-related factors, including:

- our ability to successfully execute on our business plan and our internal projections and estimates of costs and execution timing;
- the scope, progress, results, and costs of developing product candidates and conducting nonclinical studies and clinical trials, including in connection with our current product candidates;
- suspensions or delays in enrollment of our ongoing and future clinical trials, issues with data collection, or changes to the number of subjects we decide to enroll in our clinical trials, including as a result of competing trials or otherwise;
- the number and scope of clinical programs we decide to pursue, and the number and characteristics of any product candidates we develop or acquire;
- the timing of, and the costs involved in, obtaining regulatory reviews and approvals for our product candidates;
- the cost of manufacturing any current and future products and product candidates and the costs associated with building out our supply chain;
- our ability to establish and maintain strategic collaborations, licensing, or other arrangements and the financial terms of any such agreements that we may enter into;
- the impact of any acquisitions or similar transactions or partnerships;
- the costs related to royalty payments due to Royalty Pharma, or any future collaboration or licensing partners upon the achievement of negotiated milestones;
- any product liability or other lawsuits related to our products;
- the expenses needed to attract and retain skilled personnel; and
- the costs involved in preparing, filing, prosecuting, maintaining, defending, and enforcing our intellectual property portfolio.

Our operations have required substantial amounts of cash since inception. We currently fund our operations primarily with the proceeds from our follow-on offerings completed in October 2022 and December 2025, payments received from our collaboration agreements with Biogen, Sanofi, Takeda, a strategic private offering transaction completed in February 2024, and a royalty financing agreement with Royalty Pharma that closed in March 2026. Developing our product candidates is expensive, and we expect to continue to spend substantial amounts as we fund our early-stage research projects and advance our programs through preclinical and clinical development and commercialization.

As of March 31, 2026, we had $1.05 billion in cash, cash equivalents and marketable securities. We believe that our existing cash, cash equivalents and marketable securities will be sufficient to fund our projected operations through at least the next twelve months. Our estimate as to how long we expect our existing cash, cash equivalents and marketable securities to be available to fund our operations is based on assumptions that may be proven inaccurate, and we could use our available capital resources sooner than we currently expect. Changing circumstances, some of which may be beyond our control, such as geopolitical uncertainty, rising inflation or interest rates, the imposition of tariffs, risks associated with transactions denominated in foreign currency, or a perceived or actual economic downturn, may cause us to increase our spending significantly faster than we currently anticipate, and we may need to seek additional funds sooner than planned. We may also need to raise additional funds sooner than we anticipate if we choose to expand more rapidly than we presently anticipate.

We have no committed source of additional capital, and we cannot be certain that additional funding will be available when we need it, on terms acceptable to us or at all. If adequate capital is not available to us on a timely basis, we may be required to significantly delay, scale back, or discontinue our research and development programs or the commercialization of any product candidates, or be unable to continue or expand our operations or otherwise capitalize on our business opportunities, which could materially affect our business, financial condition, results of operations, and growth prospects and cause the price of our common stock to decline.

We may expend our limited resources on programs that do not yield a successful product candidate and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Investment in biopharmaceutical product development involves significant risk that any product candidate will fail to demonstrate adequate efficacy, potency, or safety, obtain regulatory approval, or achieve commercial viability. To date, we have invested substantially all of our efforts and financial resources to identifying, acquiring intellectual property for, and developing our TV platform and our programs, including conducting preclinical studies and clinical trials, and providing general and administrative support for these operations. Our decisions concerning the allocation of research, development, collaboration, management, and financial resources toward particular product candidates or therapeutic areas may not lead to the development of any viable commercial product and may divert resources away from better opportunities. Similarly, our potential decisions to delay, terminate, divest, or collaborate with third parties in respect of certain programs may subsequently prove to be suboptimal and could cause us to miss valuable opportunities. If we make incorrect determinations regarding the viability, indication size, or market potential of any of our programs or product candidates or misread trends in the biopharmaceutical industry, our business, financial condition, results of operations, and growth prospects could be materially adversely affected.

We have previously discontinued the development of certain molecules prior to completion of preclinical development because we did not believe they met our criteria for potential clinical success. Further, we cannot be certain that any of our product candidates will be successful in clinical trials. For instance, in January 2025, we announced that the Phase 2/3 HEALEY ALS Platform Trial evaluating DNL343 for ALS did not meet primary and key secondary endpoints. We may also advance product candidates into clinical trials and later terminate those trials before completion.

In addition, we may decide at any time to discontinue development or commercialization of any product or product candidate for a variety of reasons, including the emergence of new technologies that render a product obsolete, competition from other products, or changes in, or our inability to comply with, applicable regulatory requirements. If we terminate a program in which we have invested significant resources, we will not realize any return on that investment and may lose the opportunity to allocate those resources to potentially more productive uses.

Risks Related to the Discovery, Development, and Commercialization of Our Product and Product Candidates

Our estimated market opportunities are subject to numerous uncertainties and may prove to be inaccurate. If we have overestimated the size of our market opportunities, our future growth may be limited.

Our estimated markets and market opportunities for our approved product, AVLAYAH, and product candidates are based on a variety of inputs, including data published by third parties, our own market insights and internal market intelligence, and internally generated data and assumptions. Market opportunity estimates, whether obtained or derived from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. While we believe our market opportunity estimates are reasonable, such information is inherently imprecise. If this third-party or internally generated data prove to be inaccurate or we make errors in our assumptions based on that data, our actual market may be more limited than our estimates. Particularly with respect to ultra-rare diseases, the size of potential markets is small and we must achieve significant market penetration of the product at a sufficient price to justify our product development costs. An error in estimating the market size could cause us to misallocate capital and other critical business resources, which could harm our business. The estimates of our market opportunities should not be taken as indicative of our ability to grow our business.

We may encounter substantial delays in our clinical trials or difficulties enrolling patients, or may not be able to conduct or complete our clinical trials on the timelines we expect, if at all.

Clinical testing is expensive, time consuming, and subject to uncertainty. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. We cannot be sure that submission of an IND, or a clinical trial application ("CTA"), will result in the FDA or EMA, as applicable, allowing clinical trials to begin in a timely manner, if at all. Clinical testing is difficult to design and implement, can take many years to complete and its ultimate outcome is uncertain. Failure can occur at any time during the clinical trial processes and for any number of reasons, and, because our product candidates are in earlier stages of development, there is a high risk of failure and we may never succeed in developing marketable products.

Events that may prevent successful or timely initiation or completion of clinical trials include:

- inability to generate sufficient preclinical, toxicology, or other *in vivo* or *in vitro* data to support the initiation or continuation of clinical trials;
- delays in confirming target engagement, patient selection, or other relevant biomarkers to be utilized in preclinical and clinical product candidate development;
- delays in reaching a consensus with regulatory agencies on trial design;
- delays involving our clinical trial sites, including delays in reaching agreement on acceptable terms with prospective CROs and clinical trial sites, delays in identifying, recruiting and training suitable clinical investigators, and delays in obtaining required IRB approval at each clinical trial site;
- imposition of a temporary or permanent clinical hold by regulatory agencies for a number of reasons, including after review of an IND or amendment, CTA or amendment, or equivalent application or amendment; as a result of a new safety finding that presents unreasonable risk to clinical trial participants; a negative finding from an inspection of our clinical trial operations or trial sites; developments in trials conducted by competitors for related technology that raise FDA or EMA concerns about risk to patients of the technology broadly; or if the FDA or EMA finds that the investigational protocol or plan is clearly deficient to meet its stated objectives;
- delays in identifying, recruiting and enrolling suitable patients to participate in our clinical trials;
- difficulty collaborating with patient groups and investigators;
- failure by our CROs, other third parties, or us to adhere to clinical trial requirements;
- failure to perform in accordance with the FDA's or any other regulatory authority's current good clinical practices ("cGCPs") requirements, or other regulatory guidelines in other countries;
- occurrence of adverse events associated with the product candidate that are viewed to outweigh its potential benefits;
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols;

- delays due to changes in the staffing, priorities, or leadership of the FDA or other regulatory authorities, or changes to regulatory approval policies or regulations;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional trials;
- the cost of clinical trials of our product candidates being greater than we anticipate;
- clinical trials of our product candidates producing negative or inconclusive results, which may result in us or our collaborators deciding, or regulators requiring us, to conduct additional clinical trials or abandon product development programs;
- transfer of manufacturing processes from our academic collaborators to larger-scale facilities operated by a CDMO or by us, and delays or failure by our CDMOs or us to make any necessary changes to such manufacturing process;
- delays in manufacturing, testing, releasing, validating, or importing/exporting sufficient stable quantities of our product candidates for use in clinical trials or the inability to do any of the foregoing; and
- delays associated with a pandemic or other public health emergency.

Any inability to successfully initiate or complete clinical trials could result in additional costs to us or impair our ability to generate revenue. In addition, if we make manufacturing or formulation changes to our product candidates, we or our collaborators may be required to or elect to conduct additional studies to bridge our modified product candidates to earlier versions. Clinical trial delays could also shorten any periods during which our products have patent protection and may allow our competitors to bring products to market before we do, which could impair our ability to successfully commercialize our product candidates and may harm our business and results of operations. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

Our product candidates have been subject to clinical holds in the past and we cannot assure you that others will not be subject to new, partial, or full clinical holds in the future. For example, in December 2025, we announced that DNL952 was placed on clinical hold. Although protocol amendments were implemented for DNL952 and the program resumed, there could be safety findings or concerns that result in additional pauses, protocol modifications, or permanent discontinuation of development. Any clinical holds by the FDA, if not timely lifted, could impact our development plans.

We may be unable to obtain regulatory approval for an expansion of our product labels or approval of our product candidates under applicable regulatory requirements. The denial or delay of any such approval would prevent or delay commercialization of additional indications of our product candidates and adversely impact our business.

To gain approval to expand the label of our products or market our product candidates, we must provide the FDA and/or foreign regulatory authorities with nonclinical and clinical data that adequately demonstrate the safety and efficacy, or as applicable, the safety, purity, and potency of the product for the intended indication applied for in the applicable regulatory filing. There is significant regulatory risk involving our products and product candidates, and we cannot provide assurance that AVLAYAH or any future product candidates will gain an expanded label or that our product candidates will obtain regulatory approval for commercialization as expected, or at all. The research, testing, manufacturing, labeling, approval, sale, marketing, and distribution of drug products are subject to extensive regulation by the FDA and other regulatory authorities in the United States and other countries, and such regulations differ from country to country. We are not permitted to market expanded indications of our products or any product candidates in the United States or in any foreign countries until they receive the requisite approval from the applicable regulatory authorities of such jurisdictions, including pricing approval in the EU.

The FDA or foreign regulatory authorities may delay, limit, or deny approval of expanded labels for our products or product candidates for numerous reasons, including our inability to demonstrate safety, efficacy, purity, or potency to their satisfaction; disagreement with the design, size, conduct, or interpretation of our clinical trials or nonclinical studies; a determination that the clinical benefits do not outweigh safety risks or that trial results lack sufficient statistical significance or clinical meaningfulness; requirements for additional studies, post-marketing commitments, or a patient registry; deficiencies in our chemistry, manufacturing, and controls data or in the processes or facilities of our third-party manufacturers; advisory committee recommendations against approval or in favor of additional conditions such as labeling limitations or distribution restrictions; imposition of a Risk Evaluation and Mitigation Strategy (REMS) or equivalent; non-approval of our formulation, dosing, labeling, or specifications; actions or protocol errors by the CROs we engage to conduct our trials; or changes in approval policies or regulations that render our existing clinical data insufficient for approval.

Our clinical trials may reveal significant adverse events, toxicities, or other side effects and may fail to demonstrate substantial evidence of the safety and efficacy or potency of AVLAYAH or our product candidates, which would prevent, delay, or limit the scope of regulatory approval and commercialization.

Clinical testing is expensive, time-consuming, and inherently uncertain, and failure can occur at any time during the development process. Results of preclinical studies may not be predictive of clinical trial outcomes, and results of early-stage trials may not be predictive of later-stage trials. Variability in safety or efficacy results across trials can arise from differences in patient populations, protocols, dosing adherence, and discontinuation rates. Any safety concerns observed in one clinical trial could lead to delays, termination, or limited regulatory prospects across our pipeline.

Even if clinical trials are completed successfully, the FDA or foreign regulatory authorities may require additional data or trials before or after submission, and any approval we receive may be narrower in scope than anticipated, limiting commercial potential. If we or our collaborators later identify undesirable side effects or adverse events following approval, regulatory authorities could withdraw approval, require a product recall, impose additional label warnings or post-approval studies, or restrict how the product is administered. Any such outcomes could harm our reputation, business, financial condition, and growth prospects.

AVLAYAH has been administered to only a limited number of patients in clinical studies, and while the FDA granted accelerated approval, real-world safety and effectiveness may differ from what was observed in those studies. Post-marketing data, adverse event reports, and ongoing clinical studies may cause regulatory authorities to withdraw approval of the product and require a recall, mandate additional label warnings, require changes to administration or additional clinical trials or post-approval studies, or require us to implement a REMS; in addition, we could be sued and held liable for patient harm, and our reputation could suffer.

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

From time to time, we may publicly disclose preliminary, interim, or topline data from our nonclinical studies and clinical trials, which are based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. We also make assumptions, estimations, calculations, and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the topline results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Topline data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, preliminary, interim, or topline data should be viewed with caution until the final data are available. In addition, we may report interim analyses of only certain endpoints rather than all endpoints. Adverse changes between interim data and final data could significantly harm our business and prospects. Further, additional disclosure of interim data by us or by our competitors in the future could result in volatility in the price of our common stock.

Further, others, including our collaborators or regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions, or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approval or commercialization of the particular product candidate and our company in general. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is typically selected from a more extensive amount of available information. You or others may not agree with what we determine is the material or otherwise appropriate information to include in our disclosure, and any information we determine not to disclose may ultimately be deemed significant with respect to future decisions, conclusions, views, activities or otherwise regarding a particular product candidate or our business. If the preliminary or topline data that we report differ from late, final, or actual results, or if others, including our collaborators or regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize our product candidates may be harmed.

We face significant competition in an environment of rapid technological and scientific change, and our operating results may suffer if we fail to compete effectively.

The development and commercialization of new drug products is highly competitive. Moreover, the neurodegenerative and lysosomal storage fields are characterized by strong and increasing competition. Our potential competitors include pharmaceutical companies, biotechnology companies, academic institutions, government agencies, and other public and private research organizations that conduct research. Our competitors, either alone or with collaborative partners, may succeed in developing, acquiring, or licensing on an exclusive basis drug or biologic products that are more effective, safer, more easily commercialized, or less costly than our product candidates or may develop proprietary technologies or secure patent protection that we may need for the development of our technologies and products.

A number of large pharmaceutical and biotechnology companies are developing products for the treatment of the neurodegenerative and lysosomal storage disease indications for which we have research programs, including Alzheimer’s disease, Parkinson’s disease, Hunter syndrome, Sanfilippo syndrome, Pompe disease, and FTD-GRN. Companies that we are aware are developing therapeutics in the neurodegenerative and lysosomal storage disease areas include companies with significant financial resources, established presence in the market, and expertise in research, development, manufacturing, and commercialization. In addition to competition from other companies targeting neurodegenerative indications, any products we may develop may also face competition from other types of therapies, such as gene-editing therapies.

Mergers and acquisitions may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. Our competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient, or are less expensive than any products that we may develop. Furthermore, currently approved products could be discovered to have application for treatment of neurodegenerative or lysosomal storage disease indications, which could give such products significant regulatory and market timing advantages over any of our product candidates. Our competitors also may obtain regulatory approval for their products more rapidly than we do, and may obtain orphan product exclusivity for indications our product candidates are targeting, which could result in our competitors establishing a strong market position before we are able to enter the market. Additionally, products or technologies developed by our competitors may render our potential product candidates uneconomical or obsolete, and we may not be successful in marketing any product candidates we may develop against competitors.

We may fail to successfully manufacture our product candidates, operate our own manufacturing facility, or obtain regulatory approval to utilize or commercialize from our manufacturing facility, which could adversely affect our clinical trials and the commercial viability of our product candidates.

The processes involved in manufacturing our drug and biological product candidates, particularly those that utilize our TV platform, are complex, expensive, highly regulated and subject to multiple risks. Additionally, the manufacture of biologics involves complex processes, including developing cells or cell systems to produce the biologic, growing large quantities of such cells, and harvesting and purifying the biologic produced by them. As a result, the cost to manufacture a biologic is generally far higher than traditional small molecule chemical compounds, and the biologics manufacturing process is less reliable and is difficult to reproduce. Manufacturing biologics is highly susceptible to product loss due to contamination, equipment failure, improper installation or operation of equipment, vendor or operator error, inconsistency in yields, variability in product characteristics, and difficulties in scaling the production process. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects, and other supply disruptions. Further, as product candidates are developed through preclinical studies to late-stage clinical trials towards approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods, are altered along the way in an effort to optimize processes and results. Such changes carry the risk that they will not achieve these intended objectives, and any of these changes could cause our product candidates to perform differently and affect the results of planned clinical trials or other future clinical trials.

In order to conduct clinical trials of our product candidates, or supply commercial products, we will need to manufacture them in small and large quantities. Our manufacturing partners may be unable to successfully increase the manufacturing capacity for any of our product candidates in a timely or cost-effective manner, or at all. In addition, quality issues may arise during scale-up activities. If our manufacturing partners are unable to successfully scale up the manufacture of our product candidates in sufficient quality and quantity, the development, testing, and clinical trials of that product candidate may be delayed or become infeasible, and regulatory approval or commercial launch of any resulting product may be delayed or not obtained, which could significantly harm our business. The same risks would apply to our internal manufacturing facilities and capabilities. Under a lease for approximately 60,000 rentable square feet of laboratory, office, and warehouse premises, we have completed the build-out of our Utah site and have begun to manufacture materials for toxicology studies and drug substance for human clinical studies. There can be no assurance that our current and future efforts to scale our internal manufacturing capabilities will succeed.

In addition, the manufacturing process, including any material modifications in the manufacturing process for any products that we may develop, is subject to regulatory authority approval processes and continuous oversight, and we will need to contract with manufacturers who can meet all applicable regulatory authority requirements, including complying with current good manufacturing practices ("cGMPs"), on an ongoing basis. If we or our third-party manufacturers are unable to reliably produce products to specifications acceptable to regulatory authorities, we may not obtain or maintain the approvals we need to commercialize such products. Even if we obtain regulatory approval for any of our product candidates, there is no assurance that either we or our CDMOs will be able to manufacture the approved product to specifications acceptable to the regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential launch of the product, or to meet potential future demand. Any of these challenges could delay completion of clinical trials, require bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of our product candidate, impair commercialization efforts, increase our cost of goods, and have an adverse effect on our business, financial condition, results of operations and growth prospects.

Furthermore, if we receive commercial approval in the United States and intend to seek approval in other countries, we may rely on third-party distributors and other commercial partners outside the United States, such as local agents, wholesalers, importers and logistics providers, to market, distribute and support any potential commercial products, and our ability to enter and compete in non-U.S. markets may depend on the performance of these third parties. These partners are subject to complex and evolving foreign laws and regulatory regimes and may be required to obtain, maintain and renew various licenses, approvals and registrations and to comply with local requirements relating to importation, storage and handling, serialization and traceability, pharmacovigilance, recordkeeping and reporting, and promotional and marketing activities. If any such third party fails to obtain or maintain required authorizations, violates applicable laws or industry codes, engages in misconduct or misrepresentations, or otherwise performs poorly (including through inadequate forecasting, inventory management, product storage or handling, documentation, complaint management or recall support), we could experience delayed market entry, interruption of supply, product seizures, import holds or other enforcement actions, and we may incur significant costs to investigate, remediate or transition to alternative partners. In addition, we may have limited ability to monitor and control our foreign distributors' activities, and we could be subject to regulatory scrutiny, civil or criminal penalties, reputational harm, reduced sales, or termination of our commercial agreements as a result of their acts or omissions.

AVLAYAH and our other product candidates may not achieve adequate market acceptance among physicians, healthcare professionals, patients or their families, healthcare payors and others in the medical community necessary for commercial success.

Our approved product other product candidates may not achieve adequate market acceptance among physicians, healthcare professionals, patients or their families, healthcare payors and others in the medical community necessary for commercial success globally. The degree of market acceptance of any of our approved product candidates will depend on a number of factors, including:

- the efficacy or potency and safety of such product candidates as demonstrated in pivotal clinical trials and published in peer-reviewed journals;
- the potential and perceived advantages compared to alternative treatments;
- the ability to offer our products for sale at competitive prices;
- the ability to offer appropriate patient access programs, such as co-pay assistance;
- the extent to which physicians recommend our products to their patients;
- convenience and ease of dosing and administration compared to alternative treatments;

- the clinical indications for which the product candidate is approved by FDA, EMA, or other regulatory agencies;
- product labeling or product insert requirements of the FDA, EMA, or other comparable foreign regulatory authorities, including any limitations, contraindications or warnings contained in a product's approved labeling;
- restrictions on how the product is distributed;
- the timing of market introduction of competitive products;
- publicity concerning our products or competing products and treatments;
- the strength of marketing and distribution support;
- sufficient third-party coverage or reimbursement; and
- the prevalence and severity of any side effects.

If AVLAYAH or any product candidates we develop do not achieve an adequate level of acceptance, we may not generate significant product revenue, and we may not become profitable.

AVLAYAH and any other product candidates for which we receive approval may become subject to unfavorable pricing regulations, third-party reimbursement practices, or healthcare reform initiatives, which would harm our business.

The regulations that govern marketing approvals, pricing, and reimbursement for new drugs vary widely from country to country. In the United States, legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay our commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenue we are able to generate from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in AVLAYAH or any future product candidates that receive marketing approval.

Our ability to successfully commercialize AVLAYAH or any future product candidates for which we receive marketing approval also will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers, and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Government authorities currently impose mandatory discounts for certain patient groups, such as Medicare, Medicaid and Veterans Affairs ("VA"), hospitals, and may seek to increase such discounts at any time. Future regulation may negatively impact the price of our products. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any product candidate that we commercialize and, if reimbursement is available, the level of reimbursement. Reimbursement may impact the demand for, or the price of, AVLAYAH or any product candidate for which we obtain marketing approval. In order to get reimbursement, physicians may need to show that patients have superior treatment outcomes with our products compared to standard of care drugs, including lower-priced generic versions of standard of care drugs. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any product candidate for which we obtain marketing approval. In the United States, no uniform policy of coverage and reimbursement for products exists among third-party payors and coverage and reimbursement levels for products can differ significantly from payor to payor. As a result, the coverage determination process is often a time consuming and costly process that may require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

There may be significant delays in obtaining reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the medicine is approved by regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale, and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any approved products we may develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize product candidates, and our overall financial condition.

Our biologic, or large molecule, product candidates for which we intend to seek approval may face competition sooner than anticipated.

Even if we are successful in achieving regulatory approval to commercialize a product candidate faster than our competitors, our large molecule product candidates may face competition from biosimilar products. In the United States, our large molecule product candidates, are regulated by the FDA as biologic products. We sought and received approval for AVLAYAH pursuant to a BLA pathway and may do so for other large molecule product candidates in our pipeline. The Biologics Price Competition and Innovation Act of 2009 (the "BPCIA"), created an abbreviated pathway for the approval of biosimilar and interchangeable biologic products. The abbreviated regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as “interchangeable” based on its similarity to an existing brand product. Under the BPCIA, an application for a biosimilar product cannot be approved by the FDA until 12 years after the original branded product was approved under a BLA. The law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation, and meaning are subject to uncertainty. While it is uncertain when such processes intended to implement BPCIA may be fully adopted by the FDA, any such processes could have a material adverse effect on the future commercial prospects for our large molecule product candidates.

We believe that any of our large molecule product candidates approved as a biologic product under a BLA should qualify for the 12-year period of exclusivity. However, there is a risk that this exclusivity could be shortened due to congressional action or otherwise, or that the FDA will not consider our product candidates to be reference products for competing products, potentially creating the opportunity for generic competition sooner than anticipated. Moreover, the extent to which a biosimilar product, once approved, will be substituted for any one of our reference products in a way that is similar to traditional generic substitution for non-biologic products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing. In addition, a competitor could decide to forego the biosimilar approval path and submit a full BLA after completing its own preclinical studies and clinical trials. In such cases, any exclusivity to which we may be eligible under the BPCIA would not prevent the competitor from marketing its product as soon as it is approved.

In Europe, if competitors are able to obtain marketing approval for biosimilars referencing our large molecule product candidates, such products may become subject to competition from such biosimilars, with the attendant competitive pressure and potential adverse consequences. Such competitive products may be able to immediately compete with us in each indication for which our product candidates may have received approval.

If any of our small molecule product candidates obtain regulatory approval, additional competitors could enter the market with generic versions of such drugs, which may result in a material decline in sales of affected products.

If any of our small molecule product candidates obtain regulatory approval, competitors may file abbreviated new drug applications under the Drug Price Competition and Patent Term Restoration Act of 1984 (the "Hatch-Waxman Act") seeking approval of generic versions, or submit 505(b)(2) new drug applications referencing our approved products. Although the Hatch-Waxman Act provides certain periods of regulatory exclusivity and we may obtain patent protection eligible for listing in the FDA's Orange Book, we cannot predict which patents, if any, will be eligible for listing, whether generic applicants will challenge those patents through Paragraph IV certifications, or the outcome of any resulting litigation. If any of our Orange Book-listed patents are successfully challenged, the affected product could immediately face generic competition and its sales would likely decline rapidly and materially, which could require us to write off a portion or all of the intangible assets associated with the affected product and could materially and adversely affect our results of operations and cash flows. See "Risks Related to Our Intellectual Property."

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.

We face an inherent risk of product liability as a result of the clinical testing of our product candidates and will face an even greater risk with the sale of a commercial product. For example, we may be sued if AVLAYAH causes or is perceived to cause injury or is found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability or a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit testing and commercialization of our product candidates. Even successful defense would require significant costs to defend litigation and a diversion of management's time and resources. Regardless of the merits or eventual outcome, liability claims may result in a decreased or interrupted demand for our products, injury to our reputation, withdrawal of clinical trial participants and inability to continue clinical trials, and initiation of investigation by regulators. Any successful liability claims could result in substantial monetary awards to trial participants or patients; product recalls, withdrawals, or labeling, marketing or promotional restrictions; loss of revenue; exhaustion of any available insurance and our capital resources; the inability to commercialize any product candidate; and a decline in our share price.

Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop, alone or with collaborators. Our insurance policies may have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We may have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. Even if our agreements with any future corporate collaborators entitle us to indemnification against losses, such indemnification may not be available or adequate should any claim arise.

Risks Related to Regulatory Approval and Other Legal Compliance Matters

The regulatory approval processes of the FDA, EMA, and comparable foreign regulatory authorities are lengthy, time consuming, and inherently unpredictable. If we are ultimately unable to obtain regulatory approval for additional product candidates, we will be unable to generate sufficient product revenue and our business will be substantially harmed.

The time required to obtain approval by the FDA, EMA, and comparable foreign regulatory authorities is unpredictable, typically takes many years following the commencement of clinical trials, and depends upon numerous factors, including the type, complexity and novelty of the product candidates involved. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate’s clinical development and may vary among jurisdictions, which may cause delays in the approval or the decision not to approve an application. In June 2024, the U.S. Supreme Court overruled the *Chevron* doctrine, which gives deference to regulatory agencies' statutory interpretations in litigation against federal government agencies, such as the FDA, where the law is ambiguous. This landmark Supreme Court decision may invite more companies and other stakeholders to bring lawsuits against the FDA to challenge longstanding decisions and policies of the FDA, including the FDA's statutory interpretations of market exclusivities and the "substantial evidence" requirements for drug approvals, which could undermine the FDA's authority, lead to uncertainties in the industry, and disrupt the FDA's normal operations, any of which could delay the FDA's review of our regulatory submissions.

Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical, clinical or other studies. Moreover, regulatory authorities may fail to approve companion diagnostics that we contemplate using with our therapeutic product candidates. It is possible that none of the product candidates in our development pipeline will ever obtain regulatory approval. Changes to the leadership and staffing at federal agencies may also impact our clinical development and timelines.

Applications for our product candidates could fail to receive regulatory approval in an initial or subsequent indication for many reasons, including but not limited to the following:

- regulatory authorities may disagree with the design, implementation, or results of our clinical trials;
- regulatory authorities may determine that our product candidates are not safe and effective, only moderately effective, or have undesirable or unintended side effects, toxicities, or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use;
- the population studied in the clinical program may not be sufficiently broad or representative to assure efficacy or potency and safety in the full population for which we seek approval;
- regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of our product candidates may not be sufficient to support the submission of an NDA, BLA, or other submission or to obtain regulatory approval in the United States or elsewhere;
- we may be unable to demonstrate to the regulatory authorities that a product candidate’s risk-benefit ratio for its proposed indication is acceptable;
- regulatory authorities may fail to approve our manufacturing processes, test procedures and specifications, or facilities or those of our third-party manufacturers; and
- the approval policies or regulations of the regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

This lengthy approval process, as well as the unpredictability of the results of clinical trials, may result in our failing to obtain regulatory approval to market any of our product candidates, which would significantly harm our business, results of operations, and prospects.

We currently and may in the future conduct clinical trials for our product candidates outside the United States, and the FDA, EMA, and applicable foreign regulatory authorities may not accept data from such trials.

We currently conduct clinical trials outside the United States, and may continue to do so in the future. The acceptance of data from clinical trials conducted outside the United States or another jurisdiction by the FDA, EMA, or applicable foreign regulatory authority may be subject to certain conditions. In cases where data from foreign clinical trials are intended to serve as the basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the United States population and United States medical practice; and (ii) the trials were performed by clinical investigators of recognized competence and pursuant to cGCP regulations. Additionally, the FDA's clinical trial requirements, including sufficient size of patient populations and statistical powering, must be met. Many foreign regulatory bodies have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA, EMA, or any applicable foreign regulatory authority will accept data from trials conducted outside of the United States or the applicable jurisdiction. If the FDA, EMA, or any applicable foreign regulatory authority does not accept such data, it would result in the need for additional trials, which would be costly and time-consuming and delay aspects of our business plan, and which may result in our product candidates not receiving approval or clearance for commercialization in the applicable jurisdiction.

A significant portion of our international sales are made based on special access programs, and changes to these programs could adversely affect our product sales and revenues in these countries.

AVLAYAH is currently approved only in the United States, and we have no product approvals in other jurisdictions. If we fail to comply with regulatory requirements in any market we decide to enter, or to obtain and maintain required approvals, or if regulatory approvals in the relevant markets are delayed, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed. Marketing approval in one jurisdiction, such as in the United States, does not ensure marketing approval in another, but a failure or delay in obtaining marketing approval in one jurisdiction may have a negative effect on the regulatory process in others. Failure to obtain a marketing approval in countries in which we seek to market our products or any delay or setback in obtaining such approval would impair our ability to develop foreign markets for our product or product candidates.
Currently our initial international sales of AVLAYAH will be made through early access, special access, or named patient sales programs in markets that do not require prior regulatory approval to establish such programs. These programs vary by country and generally require special approval from national competent authorities and, in some cases, patient-by-patient approval, supported by evidence of medical need. These programs are subject to changes in requirements, funding by local governments, and disease classification, and governments may take unofficial measures to limit purchases, such as denying coverage, delaying orders, or withholding customs clearance. If these programs are curtailed, we would need to seek full regulatory approval or official reimbursement, which can be costly and time-consuming, and may be economically infeasible in countries with very small patient populations.

Even if we obtain regulatory approval for a product candidate, our products will remain subject to extensive regulatory scrutiny.

If any of our product candidates are approved, they will be subject to ongoing regulatory requirements, including both federal and state requirements in the United States and requirements of comparable foreign regulatory authorities.

While healthcare professionals are free to use and prescribe drug products for off-label uses, the FDA strictly regulates manufacturers' promotional claims of drug products. In particular, a product may not be promoted for uses that are not approved by the FDA as reflected in the FDA-approved labeling. A company that is found to have improperly promoted off-label uses may be subject to large civil and criminal fines, penalties, and enforcement actions. If we cannot successfully manage the promotion of our approved product candidates, we could become subject to significant liability, which could materially adversely affect our business and financial condition.

Any regulatory approvals that we receive for our product candidates will be subject to limitations on the approved indicated uses for which the product may be marketed and promoted or to the conditions of approval (including the requirement to implement a Risk Evaluation and Mitigation Strategy) or contain requirements for potentially costly post-marketing testing. We will be required to report certain adverse reactions and production problems, if any, to the FDA, EMA, and comparable foreign regulatory authorities. Any new legislation addressing drug safety issues could result in delays in product development or commercialization, or increased costs to assure compliance. The FDA and other agencies, including the Department of Justice, closely regulate and monitor the post-approval marketing and promotion of products to ensure that they are manufactured, marketed, and distributed only for the approved indications and in accordance with the provisions of the approved labeling. We will have to comply with requirements concerning advertising and promotion for our products. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved label. In certain indications, regulatory approval may limit the market of a product candidate to target patient populations when patient selection biomarkers are used. In these indications, regulatory authorities may require us to run additional clinical trials prior to expanding the label for approval that includes a broader patient population. As such, we may not promote our products for indications or uses for which they do not have approval. The holder of an approved NDA, BLA, or MAA must submit new or supplemental applications and obtain approval for certain changes to the approved product, product labeling, or manufacturing process. We could also be asked to conduct post-marketing clinical trials to verify the safety and efficacy of our non-biologic products or safety, purity, and potency for our biologic products, in general or in specific patient subsets.

The FDA granted accelerated approval for AVLAYAH, while requiring us to conduct a confirmatory study to verify the predicted clinical benefit and safety profile. If this confirmatory study reveals previously unknown problems with AVLAYAH, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, or if the FDA disagrees with the promotion, marketing, or labeling of AVLAYAH, it may impose restrictions on that product or us, including requiring withdrawal of the product from the market. If we fail to comply with applicable regulatory requirements, the FDA may, among other things, issue warning letters, impose penalties, suspend regulatory approvals, or require a product recall. Any of these actions by a regulatory agency could require us to expend significant time and resources, generate negative publicity, and adversely affect the value of our company.

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

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug or biologic intended to treat a rare disease or condition where there is no reasonable expectation that the cost of developing and making available the drug or biologic in the United States will be recovered from sales in the United States for that drug or biologic. Once granted, orphan drug designation entitles a party to financial incentives and certain exclusivity protections. In February 2019, the FDA granted orphan drug designation for tividenofusp alfa. However, the FDA can still approve other drugs that have a different active ingredient for use in treating the same indication or disease, and can waive orphan exclusivity if we are unable to manufacture sufficient supply of our product. We plan to seek orphan drug designations for some other product candidates, but we may be unable to obtain such designations.

Further, in response to *Catalyst Pharms., Inc. v. Becerra*, 14 F.4th 1299 (11th Cir. 2021), the FDA clarified in a January 2023 notice that the FDA intends to continue to apply its longstanding interpretation of the regulations to matters outside of the scope of the *Catalyst* order – that is, the agency will continue tying the scope of orphan-drug exclusivity to the uses or indications for which a drug is approved, which permits other sponsors to obtain approval of a drug for new uses or indications within the same orphan designated disease or condition that have not yet been approved. The Consolidated Appropriations Act of 2026, signed into law in February 2026, codified this longstanding FDA interpretation of the Orphan Drug Act, allowing the FDA to approve multiple versions of the same orphan drug for different subindications and subpopulations.

Healthcare legislative measures aimed at reducing healthcare costs may have a material adverse effect on our business and results of operations.

We may face difficulties from changes to current regulations and future legislation. Current and future legislation may increase the difficulty and cost for us to commercialize our drugs, and affect the prices we may obtain, including changes in coverage and reimbursement policies in certain market segments for our product candidates, which could make it difficult for us to sell our product candidates profitably. Third-party payors, whether domestic or foreign, or governmental or commercial, are developing increasingly sophisticated methods of controlling healthcare costs.

In both the United States and certain foreign jurisdictions, there have been a number of legislative and regulatory changes to the health care system that could impact our ability to sell our products profitably. These include the enactment of the Affordable Care Act of 2010 (“ACA”), the American Rescue Plan Act of 2021, which will eliminate a statutory cap on Medicaid Drug Rebate Program rebates that manufacturers pay to state Medicaid programs, and the July 2021 executive order, "Promoting Competition in the American Economy," with multiple provisions aimed at increasing competition for prescription drugs. In August 2022, Congress passed the Inflation Reduction Act of 2022 ("IRA"), which includes prescription drug provisions that have significant implications for the pharmaceutical industry and Medicare beneficiaries, including allowing the federal government to negotiate a maximum fair price for certain high-priced single source Medicare drugs, imposing penalties and excise tax for manufacturers that fail to comply with the drug price negotiation requirements, requiring inflation rebates for all Medicare Part B and Part D drugs, with limited exceptions, if their drug prices increase faster than inflation, and redesigning Medicare Part D to reduce out-of-pocket prescription drug costs for beneficiaries, among other changes. Various industry stakeholders have initiated lawsuits against the federal government asserting that the price negotiation provisions of the IRA are unconstitutional. Further, the current administration has issued executive orders focused on decreasing prescription drug prices, including directing the Secretary of HHS to establish a mechanism through which American patients can buy drugs directly from manufacturers who sell at a most-favored-nation price and directing the U.S. Trade Representative and Secretary of Commerce to take action to ensure foreign countries are not engaged in practices that purposefully and unfairly undercut market prices and drive price hikes in the United States. In November 2025, CMS announced a voluntary initiative called the GENEROUS Model (GENErating cost Reductions fOr U.S. Medicaid Model) to introduce the option of most-favored-nation pricing to the Medicaid program, whereby a drug manufacturer may voluntarily offer supplemental rebates to participating state Medicaid programs for a manufacturer’s covered outpatient drugs. Government agreements with pharmaceutical companies and other government measures that use most-favored-nation pricing targets for prescription drugs, including the use of international pricing reference to set drug prices in the United States, or that increase generic and biosimilar drug entry sooner than expected can have a material adverse effect on our industry, ability to set adequate pricing for new drugs to recover research and development costs, ability to attract potential investors and potential buyers in the future. The impact of these legislative, executive, and administrative actions and any future healthcare measures and agency rules implemented by the government on us and the pharmaceutical industry as a whole is unclear. At the state level, a number of states are considering or have recently enacted state drug price transparency and reporting laws which could substantially increase our compliance burdens and expose us to greater liability under such state laws as we continue to commercialize AVLAYAH and any future approved products.

Since its enactment, there have been executive, judicial and congressional challenges to certain aspects of the ACA and IRA. It is unclear how future litigation or healthcare measures will impact our business, financial condition, and results of operations. Complying with any new legislation or changes in healthcare regulation could be time-intensive and expensive, resulting in material adverse effect on our business. We expect that the ACA and IRA, as well as other healthcare reform measures that may be adopted in the future, may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, lower reimbursement, and new payment methodologies. This could lower the price that we receive for any approved product. Any denial in coverage or reduction in reimbursement from Medicare or other government-funded programs may result in a similar denial or reduction in payments from private payors, which may prevent us from being able to generate sufficient revenue, attain profitability or commercialize our product candidates. In addition, increased scrutiny by the U.S. Congress of the FDA’s approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal, and state levels directed at containing or lowering the cost of healthcare. We cannot predict the initiatives that may be adopted in the future. The continuing efforts of the government, insurance companies, managed care organizations, and other payors of healthcare services to contain or reduce costs of healthcare and/or impose price controls may adversely affect the demand for any product candidates that are approved, our ability to receive or set a price we believe is fair for our products, our ability to attract investment, our ability to generate revenue or achieve profitability, the level of taxes we are required to pay, and the availability of capital.

If we or our employees, independent contractors, consultants, commercial partners, and vendors fail to comply with healthcare laws or regulatory requirements, we could face substantial penalties and our business, operations, and financial conditions could be adversely affected.

We are exposed to the risk of fraud, misconduct, or other illegal activity by our employees, independent contractors, consultants, commercial partners, and vendors. Misconduct by these parties could include intentional, reckless, and negligent conduct that fails to: comply with the laws of the FDA, EMA, and other comparable foreign regulatory authorities; provide true, complete, and accurate information to regulatory authorities; comply with manufacturing standards we have established; comply with healthcare fraud and abuse laws in the United States and similar foreign fraudulent misconduct laws; or report financial information or data accurately or to disclose unauthorized activities to us. The laws that may impact our operations include the federal Anti-Kickback Statute, the False Claims Act, the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH"), the federal Physician Payment Sunshine Act, federal consumer protection and unfair competition laws, and analogous state and foreign laws and regulations. Now that we have obtained FDA approval of AVLAYAH and have begun commercializing it in the United States, our potential exposure under such laws has increased significantly, and our costs associated with compliance with such laws are also likely to increase. In particular, the promotion, sales, and marketing of healthcare items and services is subject to extensive laws and regulations designed to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive, and other business arrangements. Activities subject to these laws also involve the improper use of information obtained in the course of patient recruitment for clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation.

We have adopted a code of business conduct and ethics, but it is not always possible to identify and deter misconduct by employees and third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws. Further, because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could, despite our efforts to comply, be subject to challenge under one or more of such laws. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal, and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in Medicare, Medicaid, and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations. In addition, the approval and commercialization of any of our product candidates outside the United States will also likely subject us to foreign equivalents of the healthcare laws mentioned above, among other foreign laws.

Our business is subject to complex and evolving U.S. and foreign laws and regulations, information security policies, and contractual obligations relating to privacy and data protection and security, including the use, processing, and cross-border transfer of personal information. These laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, or monetary penalties, and otherwise may harm our business.

We receive, generate, store, and otherwise process significant and increasing volumes of sensitive information and business-critical information, including employee and personal data (including protected health information), research and development information, commercial information, and business and financial information. We heavily rely on external security and infrastructure vendors to manage our information technology systems and data centers. We face a number of risks relative to protecting this critical information, including the loss of access, inappropriate use or disclosure, inappropriate modification, and the risk of our being unable to adequately monitor, audit, and modify our controls over our critical information. This risk extends to third-party vendors and subcontractors we use to manage this sensitive data.

A wide variety of provincial, state, national, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of data relating to individuals. These laws and regulations are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. For example, the collection and use of personal data in the EU are governed by the EU General Data Protection Regulation ("GDPR"), which became fully effective on May 25, 2018. The GDPR imposes stringent data protection requirements, including, for example, more robust disclosures to individuals and a strengthened individual data rights regime, shortened timelines for data breach notifications, limitations on retention of information, increased requirements pertaining to special categories of data, such as health data, and additional obligations when we contract with third-party processors in connection with the processing of the personal data. The GDPR also imposes strict rules on the transfer of personal data out of the EU to the United States and other countries, and in the context of clinical trials we currently rely on patient informed consent as the legal basis for such transfers. In addition, the GDPR provides that EU member states may make their own further laws and regulations limiting the processing of personal data, including genetic, biometric or health data. The GDPR provides for penalties for noncompliance of up to the greater of €20 million or four percent of worldwide annual revenues. The GDPR applies extraterritorially, and we may be subject to the GDPR because of our data processing activities that involve the personal data of individuals located in the EU, such as in connection with any EU clinical trials. Additionally, the UK has implemented legislation that substantially implements the GDPR (the "UK GDPR"), with substantial penalties for noncompliance.

Further, various states, such as California, Massachusetts, and Washington have implemented privacy laws and regulations that impose restrictive requirements regulating the use and disclosure of health information and other personal information. Where state laws are more protective than HIPAA, we must comply with the stricter provisions. In addition to fines and penalties imposed upon violators, some of these state laws also afford private rights of action to individuals who believe their personal information has been misused. For example, California has enacted legislation, the California Consumer Privacy Act ("CCPA"), which, among other things, requires covered companies to provide new disclosures to California consumers, and affords such consumers new abilities to opt-out of certain sales of personal information. The CCPA, as amended and expanded by the California Privacy Rights Act ("CPRA"), requires covered companies to provide new disclosures to individuals and consumers in California, and afford such individuals and consumers new data protection rights, including the ability to opt-out of certain sales of personal information. Numerous other states in the United States have proposed or enacted similar legislation. Further, some states have enacted more specific legislation, such as Washington's enactment of the My Health, My Data Act, which includes a private right of action. The U.S. federal government is also contemplating federal privacy legislation. Additionally, the U.S. Department of Justice recently implemented a final rule that places limitations, and in some cases prohibitions, on certain transfers of sensitive personal data to business partners located in China or with other specified links to China (and other designated countries). The GDPR, UK GDPR, CCPA, CPRA, and many other federal, state, and foreign laws and regulations relating to privacy and data protection are still being tested in courts, and they are subject to new and differing interpretations by courts and regulatory officials. Additionally, the interplay of federal and state laws may be subject to varying interpretations by courts and government agencies, creating complex compliance issues for us and data we receive, use and share, potentially exposing us to additional expense, adverse publicity and liability.

It is possible that the GDPR, UK GDPR, CCPA, CPRA, or other laws and regulations relating to privacy and data protection may be interpreted and applied in a manner that is inconsistent from jurisdiction to jurisdiction or inconsistent with our current policies and practices. We cannot guarantee that we or our vendors are in compliance with all such applicable data protection laws and regulations and we cannot be sure how these regulations will be interpreted, enforced or applied to our operations. Furthermore, other jurisdictions outside the EU are similarly introducing or enhancing laws and regulations addressing privacy and data protection and security, which could increase our compliance costs and the risks associated with noncompliance. It is possible that these laws, regulations, or other actual or asserted obligations may be interpreted and applied in a manner that is inconsistent with our practices and our compliance efforts may be unsuccessful. Our ongoing efforts to comply with evolving laws and regulations may be costly and require ongoing modifications to our policies, procedures and systems. In addition, if we are unable to properly protect the privacy and security of protected health information, we could be alleged or found to have breached certain contractual obligations.

Our actual or perceived failure to adequately comply with applicable laws and regulations or other actual or asserted obligations relating to privacy and data protection and security, or to protect personal data and other data we process or maintain, could result in regulatory enforcement actions against us, including fines, imprisonment of company officials and public censure, claims for damages by affected individuals, other lawsuits or reputational damage, all of which could materially affect our business, financial condition, results of operations and growth prospects.

If we or any contract manufacturers and suppliers we engage fail to comply with environmental, health, and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We and any contract manufacturers and suppliers we engage are subject to numerous federal, state, and local environmental, health, and safety laws, regulations, and permitting requirements, including those governing laboratory procedures; the generation, handling, use, storage, treatment, and disposal of hazardous and regulated materials and wastes; the emission and discharge of hazardous materials into the ground, air, and water; and employee health and safety. Our operations involve the use of hazardous and flammable materials, including chemicals and biological and radioactive materials. Our operations also produce hazardous waste. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. Under certain environmental laws, we could be held responsible for costs relating to any contamination at our current or past facilities and at third-party facilities. We also could incur significant costs associated with civil or criminal fines and penalties.

Compliance with applicable environmental laws and regulations may be expensive, and current or future environmental laws and regulations may impair our research, product development, and manufacturing efforts. In addition, we cannot entirely eliminate the risk of accidental injury or contamination from these materials or wastes. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not carry specific biological or hazardous waste insurance coverage, and our property, casualty, and general liability insurance policies specifically exclude coverage for damages and fines arising from biological or hazardous waste exposure or contamination. Accordingly, in the event of contamination or injury, we could be held liable for damages or be penalized with fines in an amount exceeding our resources, and our clinical trials or regulatory approvals could be suspended, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Our business activities may be subject to the Foreign Corrupt Practices Act and similar anti-bribery and anti-corruption laws, as well as U.S. and certain foreign export controls, trade sanctions, and import laws and regulations.

Our business activities may be subject to the Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), and similar anti-bribery or anti-corruption laws, regulations, or rules of other countries in which we operate, including the U.K. Bribery Act. The FCPA generally prohibits offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to a non-U.S. government official in order to influence official action, or otherwise obtain or retain business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect certain transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. Our business is heavily regulated and therefore involves significant interaction with public officials, including officials of non-U.S. governments. Additionally, in many other countries, the health care providers who prescribe pharmaceuticals are employed by their government, and the purchasers of pharmaceuticals are government entities; therefore, our dealings with these prescribers and purchasers are subject to regulation under the FCPA.

There is no certainty that all of our employees, agents, contractors, or collaborators, or those of our affiliates, will comply with all applicable laws and regulations, particularly given the high level of complexity of these laws. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers, or our employees, the closing down of our facilities, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, business, operating results, financial condition and international expansion efforts.

In addition, our products may be subject to U.S. and foreign export controls, trade sanctions, and import laws and regulations. Governmental regulation of the import or export of our products, or our failure to obtain any required import or export authorization for our products, when applicable, could harm our international sales and adversely affect our revenue.

Inadequate funding for the FDA, USPTO, SEC, and other government agencies could hinder or result in the suspension of their operations, which could negatively impact our business.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept the payment of user fees, shifting policy priorities, and statutory, regulatory, and policy changes. Average review times at the FDA have fluctuated in recent years as a result. In addition, government funding of the SEC, USPTO, and other government agencies on which our operations may rely, including those that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at the FDA and other government agencies may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years the U.S. government shut down several times and certain regulatory agencies, such as the FDA and the SEC, have had to furlough critical government employees and stop critical activities. Regulatory agency staffing changes may disrupt normal operations of federal agencies, including the FDA. If a prolonged government shutdown or other disruption occurs, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, or to provide feedback on our clinical development plans, which could have a material adverse effect on our business. Further, future government shutdowns or other disruptions to normal operations could impact our ability to access the public markets and obtain the funding necessary to properly capitalize and continue our operations.

Risks Related to Our Reliance on Third Parties

We depend on collaborations with third parties for the research, development, and commercialization of certain product candidates. If any such collaborations are not successful, we may not be able to realize the market potential of those product candidates.

We anticipate seeking third-party collaborators for the research, development, and commercialization of certain of the product candidates we may develop. For example, we have collaborations with F-star, Sanofi, Biogen, and others to further our development of product candidates and to enhance our research efforts directed to better understanding neurodegenerative and lysosomal storage diseases. Our likely collaborators for any other collaboration arrangements include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies, biotechnology companies, and academic institutions. If we enter into any such arrangements with any third parties, we will likely have shared or limited control over the amount and timing of resources that our collaborators dedicate to the development or potential commercialization of any product candidates we may seek to develop with them. Our ability to generate revenue from these arrangements with commercial entities will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements. We cannot predict the success of any collaboration that we enter into.

Collaborations involving our research programs, or any product candidates we may develop, pose the following risks to us:

- collaborators generally have significant discretion in determining the efforts and resources that they will apply to these collaborations;

- collaborators may not properly obtain, maintain, enforce, or defend intellectual property or proprietary rights relating to our product candidates or research programs or may use our proprietary information in such a way as to expose us to potential litigation or other intellectual property related proceedings, including proceedings challenging the scope, ownership, validity and enforceability of our intellectual property;

- collaborators may own or co-own intellectual property covering our product candidates or research programs that results from our collaboration with them, and in such cases, we may not have the exclusive right to commercialize such intellectual property or such product candidates or research programs;

- we may need the cooperation of our collaborators to enforce or defend any intellectual property we contribute to or that arises out of our collaborations, which may not be provided to us;

- collaborators may control certain interactions with regulatory authorities, which may impact our ability to obtain and maintain regulatory approval of our products candidates;

- disputes may arise between the collaborators and us that result in the delay or termination of the research, development, or commercialization of our product candidates or research programs or that result in costly litigation or arbitration that diverts management attention and resources;

- collaborators may decide to terminate or not pursue development and commercialization of any product candidates we develop or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborator’s strategic focus or available funding or external factors such as an acquisition that diverts resources or creates competing priorities;

- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials, or require a new formulation of a product candidate for clinical testing;

- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our product candidates or research programs if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;

- collaborators may restrict us from researching, developing, or commercializing certain products or technologies without their involvement;

- collaborators with marketing and distribution rights to one or more product candidates may not commit sufficient resources to the marketing and distribution of such product candidates;

- we may lose certain valuable rights under circumstances identified in our agreements with our collaborators, including if we undergo a change of control;

- collaborators may grant sublicenses to our technology or product candidates or undergo a change of control and the sublicensees or new owners may decide to take the collaboration in a direction which is not in our best interest;

- collaborators may become bankrupt, which may significantly delay our research or development programs, or may cause us to lose access to valuable technology, know-how, or intellectual property of the collaborator relating to our products, product candidates, or research programs;

- key personnel at our collaborators may leave, which could negatively impact our ability to productively work with our collaborators;

- collaborations may require us to incur short and long-term expenditures, issue securities that dilute our stockholders, or disrupt our management and business;

- if our collaborators do not satisfy their obligations under our agreements with them, or if they terminate our collaborations with them, we may not be able to develop or commercialize product candidates as planned; and

- collaborations may require us to share in development and commercialization costs pursuant to budgets that we do not fully control and our failure to share in such costs could have a detrimental impact on the collaboration or our ability to share in revenue generated under the collaboration.

We may face significant competition in seeking appropriate collaborations. Recent business combinations among biotechnology and pharmaceutical companies have resulted in a reduced number of potential collaborators. In addition, the negotiation process is time-consuming and complex, and we may not be able to negotiate collaborations on a timely basis, on acceptable terms, or at all. If we are unable to do so, we may have to curtail the development of the product candidate for which we are seeking to collaborate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all. If we do not have sufficient funds, we may not be able to further develop product candidates or bring them to market and generate product revenue.

If we enter into collaborations to develop and potentially commercialize any product candidates, we may not be able to realize the benefit of such transactions if we or our collaborator elects not to exercise the rights granted under the agreement or if we or our collaborator are unable to successfully integrate a product candidate into existing operations and company culture. The failure to develop and commercialize a product candidate pursuant to our agreements with our current or future collaborators could prevent us from receiving future payments under such agreements, which could negatively impact our revenues. In addition, if our agreement with any of our collaborators terminates, our access to technology and intellectual property licensed to us by that collaborator may be restricted or terminate entirely, which may delay our continued development of our product candidates utilizing the collaborator’s technology or intellectual property or require us to stop development of those product candidates completely. We may also find it more difficult to find a suitable replacement collaborator or attract new collaborators, and our development programs may be delayed or the perception of us in the business and financial communities could be adversely affected. Many of the risks relating to product development, regulatory approval, and commercialization described in this “Risk Factors” section also apply to the activities of our collaborators and any negative impact on our collaborators may adversely affect us.

We rely on third parties to conduct our clinical trials and some aspects of our research and preclinical testing, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials, research, or testing.

We currently rely and expect to continue to rely on third parties, such as CROs, clinical data management organizations, medical institutions, and clinical investigators, to conduct some aspects of our research and preclinical testing and our clinical trials. Any of these third parties may terminate their engagements with us or be unable to fulfill their contractual obligations. If we need to enter into alternative arrangements, it would delay our product development activities.

Our reliance on these third parties for research and development activities reduces our control over these activities but does not relieve us of our responsibilities. For example, we remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA requires us to comply with cGCPs for conducting, recording, and reporting the results of clinical trials to assure that data and reported results are credible, reproducible, and accurate and that the rights, integrity, and confidentiality of trial participants are protected. We also are required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database within certain time frames. Failure to do so can result in fines, adverse publicity, and civil and criminal sanctions.

Our third-party service providers are not our employees, and we are therefore unable to directly monitor whether or not they devote sufficient time and resources to our clinical and nonclinical programs. These third-party service providers may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials or other drug development activities that could harm our competitive position. If these third parties do not successfully carry out their contractual duties, meet expected deadlines, or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for any product candidates we may develop and will not be able to, or may be delayed in our efforts to, successfully commercialize our medicines.

We also expect to rely on other third parties to store and distribute drug supplies for our clinical trials. Any performance failure on the part of our distributors, including with the shipment of any drug supplies, could delay clinical development or marketing approval of any product candidates we may develop or commercialization of our medicines, producing additional losses and depriving us of potential product revenue.

Our reliance on third parties for the manufacture of the majority of the materials for our research programs, preclinical studies, and clinical trials may increase the risk that we will not have sufficient quantities of such materials, product candidates, or any medicines that we may develop and commercialize, or that such supply will not be available to us at an acceptable cost, which could delay, prevent, or impair our development or commercialization efforts.

Although we have begun to manufacture biologic therapeutics in our Utah site, we currently rely on third-party manufacturers for the manufacture of many of our materials for preclinical studies and clinical trials, and expect to continue to do so for the foreseeable future for a portion of our materials for preclinical studies, clinical trials, and commercial supply.

We may be unable to establish any further agreements with third-party manufacturers or to do so on acceptable terms. Even if we are able to establish agreements with third-party manufacturers, reliance on third-party manufacturers entails additional risks, including the possible breach, termination, or non-renewal of the agreement by the third party, which may be costly or inconvenient, and the inability of the third party to produce the required volume in a timely manner. We may also be exposed to the risks of relying on the third party for regulatory compliance, quality assurance, safety, and pharmacovigilance and related reporting.

Third-party manufacturers may not be able to comply with U.S. export control regulations, cGMP regulations, or similar regulatory requirements outside the United States. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in a need to replace current third-party manufacturers including the possibility of supply delays, clinical holds on our trials, sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocations, seizures or recalls of product candidates or medicines, operating restrictions, and criminal prosecutions, any of which could significantly and adversely affect supplies of our medicines and harm our business, financial condition, results of operations, and growth prospects.

Any medicines that we may develop may compete with other product candidates and products for access to manufacturing facilities. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us.

Any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval. If any one of our current contract manufacturers cannot perform as agreed, we may be required to replace that manufacturer and may incur added costs and delays in identifying and qualifying any such replacement. Furthermore, securing and reserving production capacity with contract manufacturers may result in significant costs.

Our current and anticipated future dependence upon third parties for the manufacture of our product candidates may adversely affect our future profit margins and our ability to commercialize any medicines that receive marketing approval on a timely and competitive basis.

We depend on third-party suppliers for key raw materials used in our manufacturing processes, and the loss of these third-party suppliers or their inability to supply us with adequate raw materials could harm our business.

We rely on third-party suppliers for the raw materials required for the production of our product candidates. Our dependence on these third-party suppliers and the challenges we may face in obtaining adequate supplies of raw materials involve several risks, including limited control over pricing, availability, quality, and delivery schedules. Unexpected changes in tariffs, trade barriers, price and exchange controls, and other regulatory requirements, including recently imposed tariffs which may impact certain of our key raw materials that we import, could impact our cost of goods for our product candidates. As a small company, our negotiation leverage is limited and we are likely to get lower priority than our larger competitors. We cannot be certain that our suppliers will continue to provide us with the quantities of these raw materials that we require or satisfy our anticipated specifications and quality requirements.

Further, we have in the past experienced and may in the future experience delayed shipments of raw materials due to interruptions relating to the aforementioned events. We do not currently have arrangements in place for redundant supply for certain components of our product candidates. We may be unable to find a sufficient alternative supply channel in a reasonable time or on commercially reasonable terms. Any performance failure on the part of our suppliers could delay the development and potential commercialization of our product candidates, including limiting supplies necessary for clinical trials and regulatory approvals, which would have a material adverse effect on our business.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain patent protection for any product candidates we develop or for our TV platform, our competitors could develop and commercialize products or technology similar or identical to ours, and our ability to successfully commercialize any product candidates we may develop, and our technology may be adversely affected.

Our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to our TV platform and any proprietary product candidates and other technologies we may develop. We seek to protect our proprietary position by in-licensing intellectual property and filing patent applications in the United States and abroad relating to our TV platform, programs and product candidates, as well as other technologies that are important to our business. Our portfolio includes technology and product candidates that are in the early stages of development, and the corresponding intellectual property is also at an early stage. In addition, we cannot be certain that any patents we own or in-license in the United States adequately cover the Fc domain portion of our TV platform that binds to transferrin receptor, or adequately cover the antibodies, enzymes or proteins being developed in our TV-enabled programs. We have filed or intend to file patent applications on these aspects of our technology and product candidates; however, there can be no assurance that any such patent applications will issue as granted patents. Furthermore, in some cases, we have only filed provisional patent applications on certain aspects of our technology and product candidates and each of these provisional patent applications is not eligible to become an issued patent until, among other things, we file a non-provisional patent application within twelve months of the filing date of the applicable provisional patent application. Any failure to file a non-provisional patent application within this timeline could cause us to lose the ability to obtain patent protection for the inventions disclosed in the associated provisional patent applications. Furthermore, in some cases, we may not be able to obtain issued claims covering compositions relating to our TV platform, programs and product candidates, as well as other technologies that are important to our business, and instead may need to rely on filing patent applications with claims covering a method of use and/or method of manufacture for protection of such TV platform, programs, product candidates, and other technologies. There can be no assurance that any such patent applications will issue as granted patents, and even if they do issue, such patent claims may be insufficient to prevent third parties, such as our competitors, from utilizing our technology. Any failure to obtain or maintain patent protection with respect to our TV platform, programs and product candidates could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

If any of our owned or in-licensed patent applications do not issue as patents in any jurisdiction, we may not be able to compete effectively.

Changes in either the patent laws or their interpretation in the United States and other countries may diminish our ability to protect our inventions, obtain, maintain, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our owned and licensed patents. With respect to both in-licensed and owned intellectual property, we cannot predict whether the patent applications we and our licensors are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient protection from competitors or other third parties.

The patent prosecution process is expensive, time-consuming, and complex, and we may not be able to file, prosecute, maintain, enforce, or license all necessary or desirable patent applications at a reasonable cost or in a timely manner, including delays as a result of a global pandemic impacting our or our licensors' operations. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into nondisclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, any of these parties may breach the agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection. In addition, our ability to obtain and maintain valid and enforceable patents depends on whether the differences between our inventions and the prior art allow our inventions to be patentable over the prior art. Furthermore, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we or our licensors were the first to make the inventions claimed in any of our owned or licensed patents or pending patent applications, or that we or our licensors were the first to file for patent protection of such inventions.

If the scope of any patent protection we obtain is not sufficiently broad, or if we lose any of our patent protection, our ability to prevent our competitors from commercializing similar or identical technology and product candidates would be adversely affected.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability, and commercial value of our patent rights are highly uncertain. Our owned or in-licensed pending and future patent applications may not result in patents being issued which protect our TV platform, product candidates or other technologies or which effectively prevent others from commercializing competitive technologies and product candidates.

Moreover, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we license or own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. Any patents that we own or in-license may be challenged, narrowed, circumvented, or invalidated by third parties. Consequently, we do not know whether our TV platform, product candidates or other technologies will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner which could materially adversely affect our business, financial condition, results of operations and growth prospects.

The issuance of a patent is not conclusive as to its inventorship, scope, validity, or enforceability, and our patents may be challenged in the courts or patent offices in the United States and abroad. We or our licensors may be subject to a third-party preissuance submission of prior art to the USPTO, or become involved in opposition, derivation, revocation, reexamination, post-grant and *inter partes* review, or interference proceedings or other similar proceedings challenging our owned or licensed patent rights. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate or render unenforceable, our owned or in-licensed patent rights, allow third parties to commercialize our TV platform, product candidates or other technologies and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. Moreover, we, or one of our licensors, may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge our or our licensor’s priority of invention or other features of patentability with respect to our owned or in-licensed patents and patent applications. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our TV platform, product candidates and other technologies. Such proceedings also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us. If we or our collaborators are unsuccessful in any such proceeding or other priority or inventorship dispute, we may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may need to cease the development, manufacture, and commercialization of one or more of the product candidates we may develop. The loss of exclusivity or the narrowing of our owned and licensed patent claims could limit our ability to stop others from using or commercializing similar or identical technology and products.

In addition, given the amount of time required for the development, testing, and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our intellectual property may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

Some of our owned and in-licensed patents and patent applications are, and may in the future be, co-owned with third parties. For example, we currently, and may in the future, co-own certain patents and patent applications relating to our TV platform with F-star. In addition, certain of our licensors co-own the patents and patent applications we in-license with other third parties with whom we do not have a direct relationship. Our exclusive rights to certain of these patents and patent applications are dependent, in part, on inter-institutional or other operating agreements between the joint owners of such patents and patent applications, who are not parties to our license agreements. If our licensors do not have exclusive control of the grant of licenses under any such third-party co-owners' interest in such patents or patent applications or we are otherwise unable to secure such exclusive rights, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and growth prospects.

Our rights to develop and commercialize our TV platform and product candidates are subject, in part, to the terms and conditions of licenses granted to us by others or licenses granted by us to others.

We are heavily reliant upon licenses to certain patent rights and proprietary technology from third parties that are important or necessary to the development of our TV platform and product candidates. For example, in June 2016, we entered into a license agreement with Genentech pursuant to which we received an exclusive license to certain of Genentech's intellectual property relating to our LRRK2 program, including our BIIB122/DNL151 product candidate.

Our agreements with F-star and other license agreements may not provide exclusive rights to use certain licensed intellectual property and technology in all relevant fields of use and in all territories in which we may wish to develop or commercialize our technology and products in the future. For example, F-star retains the right to use itself, and to license to others, its modular antibody technology for any purpose other than the targets which we have agreed with F-star would or may be exclusively available to us. As a result, we may not be able to prevent competitors or other third parties from developing and commercializing competitive products that also utilizes technology that we have in-licensed.

In addition, subject to the terms of any such license agreements, we do not have the right to control the preparation, filing, prosecution and maintenance, and we may not have the right to control the enforcement, and defense of patents and patent applications covering the technology that we license from third parties. For example, under our agreements with F-star and Genentech, the licensors control prosecution and, in the case of F-star and in specified circumstances, enforcement of certain of the patents and patent applications licensed to us. Also, under our agreements with Takeda, Sanofi and Biogen, they control prosecution, and in specified circumstances, enforcement of certain of the patents and patent applications licensed to them. We cannot be certain that our in-licensed or out-licensed patents and patent applications that are controlled by our licensors or licensees will be prepared, filed, prosecuted, maintained, enforced, and defended in a manner consistent with the best interests of our business. If our licensors or licensees fail to prosecute, maintain, enforce, and defend such patents, or lose rights to those patents or patent applications, the rights we have licensed may be reduced or eliminated, our right to develop and commercialize our TV platform and any of our product candidates that are subject of such licensed rights could be adversely affected, and we may not be able to prevent competitors from making, using and selling competing products. In addition, even where we have the right to control patent prosecution of patents and patent applications we have licensed to and from third parties, we may still be adversely affected or prejudiced by actions or inactions of our licensees, our licensors and their counsel that took place prior to the date upon which we assumed control over patent prosecution.

Furthermore, our owned and in-licensed patents may be subject to a reservation of rights by one or more third parties. For example, our license to certain intellectual property owned by Genentech is subject to certain research rights Genentech granted to third parties prior to our license agreement. In addition, certain of our in-licensed intellectual property relating to RIPK1 was funded in part by the U.S. government. As a result, the U.S. government may have certain rights to such intellectual property.

If we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could lose license rights that are important to our business.

We have entered into license agreements with third parties and may need to obtain additional licenses from others to advance our research or allow commercialization of product candidates we may develop or our TV platform. It is possible that we may be unable to obtain additional licenses at a reasonable cost or on reasonable terms, if at all. In that event, we may be required to expend significant time and resources to redesign our technology, product candidates, or the methods for manufacturing them or to develop or license replacement technology, all of which may not be feasible on a technical or commercial basis. If we are unable to do so, we may be unable to develop or commercialize the affected product candidates or continue to utilize our existing TV platform, which could harm our business, financial condition, results of operations, and growth prospects significantly. We cannot provide any assurances that third-party patents do not exist which might be enforced against our current technology, including our TV platform, manufacturing methods, product candidates, or future methods or products resulting in either an injunction prohibiting our manufacture or future sales, or, with respect to our future sales, an obligation on our part to pay royalties and/or other forms of compensation to third parties, which could be significant.

In addition, each of our current license agreements, and we expect our future agreements, will impose various development, diligence, commercialization, and other obligations on us. Certain of our license agreements also require us to meet development timelines, or to exercise commercially reasonable efforts to develop and commercialize licensed products, in order to maintain the licenses. In spite of our efforts, our licensors might conclude that we have materially breached our obligations under such license agreements and might therefore terminate the license agreements, thereby removing or limiting our ability to develop and commercialize products and technology covered by these license agreements. If these in-licenses are terminated, or if the underlying patents fail to provide the intended exclusivity, competitors or other third parties would have the freedom to seek regulatory approval of, and to market, products identical to ours and we may be required to cease our development and commercialization of certain of our product candidates or of our current TV platform. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and growth prospects.

Moreover, 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;
- the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and
- the priority of invention of patented technology.

In addition, the agreements under which we currently license intellectual property or technology from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates, which could have a material adverse effect on our business, financial conditions, results of operations and growth prospects.

In addition, the United States federal government retains certain rights in inventions produced with its financial assistance under the Patent and Trademark Law Amendments Act, or the Bayh-Dole Act. The federal government retains a “nonexclusive, nontransferable, irrevocable, paid-up license” for its own benefit. The Bayh-Dole Act also provides federal agencies with “march-in rights.” March-in rights allow the government, in specified circumstances, to require the contractor or successors in title to the patent to grant a “nonexclusive, partially exclusive, or exclusive license” to a “responsible applicant or applicants.” If the patent owner refuses to do so, the government may grant the license itself. If, in the future, we co-own or license in technology which is critical to our business that is developed in whole or in part with federal funds subject to the Bayh-Dole Act, our ability to enforce or otherwise exploit patents covering such technology may be adversely affected.

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

Filing, prosecuting, and defending patents on our TV platform, product candidates and other technologies in all countries throughout the world would be prohibitively expensive, and the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. Further, our ability to pursue patents throughout the world may be delayed or affected due to a public health crisis such as the global pandemic. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection but enforcement is not as strong as that in the United States. These products may compete with our products, and our 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, trade secrets, and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our intellectual property and proprietary rights generally. In Europe, as of June 1, 2023, the Unitary Patent Court ("UPC") has exclusive jurisdiction over Unitary Patents and offers a uniform and specialized framework for patent litigation at the European level. Furthermore, European applications have the option, upon grant of a patent, of becoming a Unitary Patent and therefore subject to UPC. This is a significant change in European patent practice. As the UPC is a new court system, there is limited precedent for the court, increasing the uncertainty. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property and proprietary rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Geopolitical actions in the United States and in foreign countries could increase the uncertainties and costs surrounding the prosecution or maintenance of our patent applications or those of any current or future licensors and the maintenance, enforcement or defense of our issued patents or those of any current or future licensors. For example, the United States and foreign government actions related to Russia's invasion of Ukraine may limit or prevent filing, prosecution, and maintenance of patent applications in Russia. Government actions may also prevent maintenance of issued patents in Russia. These actions could result in abandonment or lapse of our patents or patent applications, resulting in partial or complete loss of patent rights in Russia. If such an event were to occur, it could have a material adverse effect on our business. Accordingly, our competitive position may be impaired, and our business, financial condition, results of operations and prospects may be adversely affected.

Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations, and growth prospects may be adversely affected.

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

Periodic maintenance fees, renewal fees, annuity fees, and various other government fees on patents and applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our owned or licensed patents and applications. In certain circumstances, we rely on our licensing partners to pay these fees due to U.S. and non-U.S. patent agencies. The USPTO and various non-U.S. government agencies require compliance with several procedural, documentary, fee payment, and other similar provisions during the patent application process. We are also dependent on our licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. In some cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in a partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market with similar or identical products or technology, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Geopolitical actions in the United States and in foreign countries could prevent us from continuing to make these periodic payments in certain locations. For example, the United States and foreign government actions related to Russia's invasion of Ukraine may limit our ability to make or prevent us from making these payments in Russia. These actions could result in abandonment or lapse of our patents or patent applications, resulting in partial or complete loss of patent rights in Russia, which could adversely affect our business.

Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.

Changes in either the patent laws or interpretation of the patent laws in the United States could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. Assuming that other requirements for patentability are met, prior to March 2013, in the United States, the first to invent the claimed invention was entitled to the patent, while outside the United States, the first to file a patent application was entitled to the patent. After March 2013, under the Leahy-Smith America Invents Act (the "America Invents Act"), enacted in September 2011, the United States transitioned to a first inventor to file system in which, assuming that other requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. A third party that files a patent application in the USPTO after March 2013, but before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by such third party. This will require us to be cognizant going forward of the time from invention to filing of a patent application. Since patent applications in the United States and most other countries are confidential for a period of time after filing or until issuance, we cannot be certain that we or our licensors were the first to either (i) file any patent application related to our TV platform, product candidates or other technologies or (ii) invent any of the inventions claimed in our or our licensor’s patents or patent applications. Further, changes in the leadership or staffing of the PTO and other federal agencies may lead to new policies and changes in the regulations that may impact the timelines of our patents applications.

The America Invents Act also includes a number of significant changes that affect the way patent applications will be prosecuted and also may affect patent litigation. These include allowing third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post-grant proceedings, including post-grant review, *inter partes* review, and derivation proceedings. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. Therefore, the America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our owned or in-licensed patent applications and the enforcement or defense of our owned or in-licensed issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

In addition, the patent positions of companies in the development and commercialization of biologics and pharmaceuticals are particularly uncertain. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. For example, the Supreme Court of the United States held in *Amgen v. Sanofi* (2023) that a functionally claimed genus was invalid for failing to comply with the enablement requirement of the Patent Act. In addition, the Federal circuit recently issued a decision involving the interaction of patent term adjustment ("PTA"), terminal disclaimers, and obvious-type double patenting. This combination of events has created uncertainty with respect to the validity and enforceability of patents, once obtained. Depending on future actions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future. For example, in *Assoc. for Molecular Pathology v. Myriad Genetics, Inc.* (2013), the U.S. Supreme Court held that certain claims to DNA molecules are not patentable. While we do not believe that any of the patents owned or licensed by us will be found invalid based on this decision, we cannot predict how future decisions by the courts, the U.S. Congress or the USPTO may impact the value of our patents. For example, the IRA passed by Congress authorizes the Secretary of the Department of Health and Human Services ("HHS") to negotiate prices directly with participating manufacturers for selected medicines covered by Medicare even if these medicines are protected by an existing patent. For small molecule medicines, the process begins seven years after initial approval by the FDA. While we do not believe that the IRA or its effects will impact our ability to obtain patents in the near future, we cannot be certain whether it will affect our patent strategy in the long run.

Issued patents covering our TV platform, product candidates and other technologies could be found invalid or unenforceable if challenged in court or before administrative bodies in the United States or abroad.

If we or one of our licensors initiated legal proceedings against a third party to enforce a patent covering our TV platform, product candidates or other technologies, the defendant could counterclaim that such patent is invalid or unenforceable or raise a defense to infringement. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of subject matter eligibility for patenting, novelty, obviousness, or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Grounds for defenses to infringement include statutory exemptions to patent infringement for uses related to submitting information to regulatory authorities to seek certain regulatory approvals. Third parties may raise claims challenging the validity or enforceability of our owned or in-licensed patents before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post-grant review, *inter partes* review, interference proceedings, derivation proceedings, and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in the revocation of, cancellation of, or amendment to our patents in such a way that they no longer cover our TV platform, product candidates or other technologies. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, a judge or jury could find that our patent claims laws of nature or are otherwise ineligible for patenting, and we cannot be certain that there is no invalidating prior art, of which we or our licensing partners and the patent examiner were unaware during prosecution. If a third party were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our TV platform, product candidates or other technologies. Such a loss of patent protection would have a material adverse impact on our business, financial condition, results of operations and growth prospects.

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

Patent rights are of limited duration. In the United States, if all maintenance fees are paid timely, the natural expiration of a patent is generally 20 years after its first effective filing date. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such product candidates are commercialized. Even if patents covering our product candidates are obtained, once the patent life has expired for a product, we may be open to competition from biosimilar or generic products. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing product candidates similar or identical to ours. Upon issuance in the United States, the term of a patent can be increased by patent term adjustment, which is based on certain delays caused by the USPTO, but this increase can be reduced or eliminated based on certain delays caused by the patent applicant during patent prosecution. The term of a United States patent may also be shortened if the patent is terminally disclaimed over an earlier-filed patent. A patent term extension ("PTE") based on regulatory delay may be available in the United States. However, only a single patent can be extended for each marketing approval, and any patent can be extended only once, for a single product. Moreover, the scope of protection during the period of the PTE does not extend to the full scope of the claim, but instead only to the scope of the product as approved. Laws governing analogous PTEs in foreign jurisdictions vary widely, as do laws governing the ability to obtain multiple patents from a single patent family. Additionally, we may not receive an extension if we fail to exercise due diligence during the testing phase or regulatory review process, apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. If we are unable to obtain PTE or restoration, or the term of any such extension is less than we request, the period during which we will have the right to exclusively market our product will be shortened and our competitors may obtain approval of competing products following our patent expiration and may take advantage of our investment in development and clinical trials by referencing our clinical and nonclinical data to launch their product earlier than might otherwise be the case, and our revenue could be reduced, possibly materially.

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

We or our licensors may be subject to claims that former employees, collaborators or other third parties have an interest in our owned or in-licensed patents, trade secrets, or other intellectual property as an inventor or co-inventor. For example, we or our licensors may have inventorship disputes arise from conflicting obligations of employees, consultants or others who are involved in developing our TV platform, product candidates, or other technologies. Litigation may be necessary to defend against these and other claims challenging inventorship or our or our licensors' ownership of our owned or in-licensed patents, trade secrets, or other intellectual property. If we or our licensors fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, intellectual property that is important to our TV platform, product candidates and other technologies. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to seeking patents for our TV platform, product candidates and other technologies, we also rely on trade secrets and confidentiality agreements to protect our unpatented know-how, technology, and other proprietary information and to maintain our competitive position. Trade secrets and know-how can be difficult to protect. We expect our trade secrets and know-how to over time be disseminated within the industry through independent development, the publication of journal articles describing the methodology, and the movement of personnel from academic to industry scientific positions.

We seek to protect these trade secrets and other proprietary technology, in part, by entering into nondisclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors, and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants as well as train our employees not to bring or use proprietary information or technology from former employers to us or in their work, and remind former employees when they leave their employment of their confidentiality obligations. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes. Despite our efforts, any of these parties may breach the agreements and disclose our proprietary information, including our 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 inside and outside the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor or other third party, our competitive position would be materially and adversely harmed.

We may not be successful in obtaining, through acquisitions, in-licenses or otherwise, necessary rights to our TV platform, product candidates or other technologies.

We currently have rights to intellectual property, through licenses from third parties, to identify and develop our TV platform and product candidates. Many pharmaceutical companies, biotechnology companies, and academic institutions are competing with us in the fields of neurodegenerative and lysosomal storage diseases and BBB technology and may have patents and have filed and plan to file patent applications potentially relevant to our business. In order to avoid infringing these third-party patents, we may find it necessary or prudent to obtain licenses to such patents from such third-party intellectual property holders. We may also require licenses from third parties for certain BBB technologies that we are evaluating for use with our current or future product candidates. In addition, with respect to any patents we co-own with third parties, we may require licenses to such co-owners' interest to such patents. However, we may be unable to secure such licenses or otherwise acquire or in-license any compositions, methods of use, processes, or other intellectual property rights from third parties that we identify as necessary for our current or future product candidates and our TV platform. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, capital resources, and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or product candidate, which could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

We may be subject to claims that our employees, consultants, or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Many of our employees, consultants, and advisors are currently or were previously employed at universities or other biotechnology or pharmaceutical companies, including our licensors, competitors, and potential competitors. Although we try to ensure that our employees, consultants, and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing or the assignment agreements may be breached, and we may be forced to bring claims against third parties or defend claims that they may bring against us to determine the ownership of what we regard as our intellectual property. Such claims could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

Third-party claims of intellectual property infringement, misappropriation, or other violation against us, our licensors, or our collaborators may prevent or delay the development and commercialization of our TV platform, product candidates, and other technologies.

The fields of discovering treatments for neurodegenerative and lysosomal storage diseases, especially using BBB technology, is highly competitive and dynamic. Due to the focused research and development that is taking place by several companies, including us and our competitors, in these fields, the intellectual property landscape is in flux, and it may remain uncertain in the future. As such, there may be significant intellectual property litigation and proceedings relating to our owned, in-licensed, and other third-party intellectual property and proprietary rights in the future.

Our commercial success depends in part on our, our licensors' and our collaborators' ability to avoid infringing, misappropriating, and otherwise violating the patents and other intellectual property rights of third parties. There is a substantial amount of complex litigation involving patents and other intellectual property rights in the biotechnology and pharmaceutical industries, as well as administrative proceedings for challenging patents, including interference, derivation, and reexamination proceedings before the USPTO or oppositions and other comparable proceedings in foreign jurisdictions. As discussed above, recently, due to changes in U.S. law referred to as patent reform, new procedures including *inter partes* review and post-grant review have been implemented. As stated above, this reform adds uncertainty to the possibility of challenge to our patents in the future.

Numerous U.S. and foreign issued patents and pending patent applications owned by third parties exist relating to BBB technology and in the fields in which we are developing our product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our TV platform, product candidates, and other technologies may give rise to claims of infringement of the patent rights of others. We cannot assure you that our TV platform, product candidates, and other technologies that we have developed, are developing or may develop in the future will not infringe existing or future patents owned by third parties. We may not be aware of patents that have already been issued and that a third party, for example, a competitor in the fields in which we are developing our TV platform, product candidates, and other technologies might assert are infringed by our current or future TV platform, product candidates or other technologies, including claims to compositions, formulations, methods of manufacture or methods of use or treatment that cover our TV platform, product candidates, or other technologies. It is also possible that patents owned by third parties of which we are aware, but which we do not believe are relevant to our TV platform, product candidates, or other technologies, could be found to be infringed by our TV platform, product candidates, or other technologies. In addition, because patent applications can take many years to issue, there may be currently pending patent applications that may later result in issued patents that our TV platform, product candidates, or other technologies may infringe. Generative artificial intelligence ("AI") resources that are publicly available may also present a risk that a company may inadvertently obtain, incorporate, or use a third party's intellectual property.

Third parties may have patents or obtain patents in the future and claim that the manufacture, use, or sale of our TV platform, product candidates, or other technologies infringes upon these patents. In the event that any third-party claims that we infringe their patents or that we are otherwise employing their proprietary technology without authorization and initiates litigation against us, even if we believe such claims are without merit, a court of competent jurisdiction could hold that such patents are valid, enforceable, and infringed by our TV platform, product candidates, or other technologies. In this case, the holders of such patents may be able to block our ability to commercialize the applicable product candidate or technology unless we obtain a license under the applicable patents, or until such patents expire or are finally determined to be held invalid or unenforceable. Such a license may not be available on commercially reasonable terms or at all. Even if we are able to obtain a license, the license would likely obligate us to pay license fees or royalties or both, and the rights granted to us might be nonexclusive, which could result in our competitors gaining access to the same intellectual property. If we are unable to obtain a necessary license to a third-party patent on commercially reasonable terms, we may be unable to commercialize our TV platform, product candidates, or other technologies, or such commercialization efforts may be significantly delayed, which could in turn significantly harm our business.

Defense of infringement claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of management and other employee resources from our business, and may impact our reputation. In the event of a successful claim of infringement against us, we may be enjoined from further developing or commercializing our infringing TV platform, product candidates, or other technologies. In addition, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, obtain one or more licenses from third parties, pay royalties, and/or redesign our infringing product candidates or technologies, which may be impossible or require substantial time and monetary expenditure. In that event, we would be unable to further develop and commercialize our TV platform, product candidates, or other technologies, which could harm our business significantly.

Engaging in litigation to defend against third parties alleging that we have infringed, misappropriated, or otherwise violated their patents or other intellectual property rights is very expensive, particularly for a company of our size, and time-consuming. Some of our competitors may be able to sustain the costs of litigation or administrative proceedings more effectively than we can because of greater financial resources. Patent litigation and other proceedings may also absorb significant management time. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings against us could impair our ability to compete in the marketplace. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition, or results of operations or growth prospects.

We may become involved in lawsuits to protect or enforce our patents and other intellectual property rights, which could be expensive, time consuming, and unsuccessful.

Competitors may infringe our patents or the patents of our licensing partners, or we may be required to defend against claims of infringement. In addition, our patents or the patents of our licensing partners also may become involved in inventorship, priority, or validity disputes. To counter or defend against such claims can be expensive and time consuming. In an infringement proceeding, a court may decide that a patent in which we have an interest is invalid or unenforceable, the other party's use of our patented technology falls under the safe harbor to patent infringement under 35 U.S.C. §271(e)(1), or may refuse to stop the other party from using the technology at issue on the grounds that our owned and in-licensed patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our owned or in-licensed patents at risk of being invalidated or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing, or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented, declared generic, or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights, or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our business, financial condition, results of operations, and growth prospects.

Risks Related to Our Operations

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

Our ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon our ability to attract, motivate and retain highly qualified managerial, scientific, and medical personnel. We are highly dependent on our management, particularly our Chief Executive Officer, Dr. Ryan Watts, and our scientific and medical personnel. The loss of the services provided by any of our executive officers, other key employees, and other scientific and medical advisors, and our inability to find suitable replacements, could harm our business.

The majority of our operations are conducted at our facility in South San Francisco, a region that is headquarters to many other biopharmaceutical companies and many academic and research institutions. Competition for skilled personnel is intense and the turnover rate can be high, which may limit our ability to hire and retain highly qualified personnel on acceptable terms or at all.

To induce valuable employees to remain at our company, in addition to salary and cash incentives, we have provided restricted stock and stock option grants that vest over time. The value to employees of these equity grants that vest over time may be significantly affected by movements in our stock price that are beyond our control, and may at any time be insufficient to counteract more lucrative offers from other companies. Our employment agreements provide for at-will employment, which means that any of our employees could leave our employment at any time, with or without notice. We do not maintain “key man” insurance policies on the lives of any of our employees. If we are unable to attract and incentivize quality personnel on acceptable terms, or at all, it may cause our business and operating results to suffer.

We will need to grow the size and capabilities of our organization, and we may experience difficulties in managing this growth.

As of March 31, 2026, we had approximately 507 employees, all of whom were full-time. As our development plans and strategies develop, we must add additional managerial, operational, financial, and other personnel. Future growth will impose significant added responsibilities on members of management, including recruiting, integrating, and retaining additional employees; managing our internal development efforts; and expanding our controls, reporting systems, and procedures.

Our future financial performance and our ability to continue to develop and commercialize AVLAYAH and any future product candidates will depend, in part, on our ability to effectively manage any future growth.

We currently rely, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors, and consultants to provide certain services. There can be no assurance that the services of these independent organizations, advisors, and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. In addition, we may be unable to effectively manage our outsourced activities or the quality or accuracy of the services provided by consultants may be compromised for any reason. If we are not able to effectively manage our growth, we may not be able to successfully implement the tasks necessary to further develop our product candidates and, accordingly, may not achieve our research, development, and commercialization goals.

We have engaged in and may in the future engage in acquisitions or strategic partnerships, which may increase our capital requirements, dilute our stockholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

We have in the past engaged in acquisitions and strategic partnerships, and we may engage in various acquisitions and strategic partnerships in the future, including licensing or acquiring complementary products, intellectual property rights, technologies, or businesses as part of our business strategy. For example, we have collaboration agreements with Sanofi and Biogen, and issued stock in connection with entering into certain of those agreements in 2018 and 2020. Any such transaction may entail numerous risks, including:

- increased operating expenses and cash requirements;

- the assumption of indebtedness or contingent liabilities;
- the issuance of our equity securities which would result in dilution to our stockholders;
- assimilation of operations, intellectual property, products and product candidates of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such an acquisition or strategic partnership;
- the loss of key employees, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and regulatory approvals; and
- our inability to generate revenue from acquired intellectual property, technology and/or products sufficient to meet our objectives or offset the associated transaction and maintenance costs.

In addition, if we undertake such a transaction, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense.

In December 2025, we entered into a synthetic royalty funding agreement with Royalty Pharma. This agreement makes available to us up to $275.0 million from two potential milestone payments. Upon achieving the first milestone of FDA accelerated approval of AVLAYAH, we received $200.0 million in gross proceeds; the remaining milestone payment will be subject to European Medicines Agency (EMA) approval of AVLAYAH by December 31, 2029. Should we not satisfy this condition by the applicable deadline, or if we fail to meet our obligations or default under this agreement, we may not receive any additional milestone payments, or the payments to us could be substantially less than the maximum amounts available under the agreement.

Our internal computer systems, or those used by our third-party research institution collaborators, CROs, or other contractors or consultants, may fail or suffer other breakdowns, cyberattacks, or information security breaches or incidents that could compromise the confidentiality, integrity, and availability of such systems and data, expose us to liability, and affect our reputation.

We are increasingly dependent upon information technology systems, infrastructure, and data to operate our business. We also rely on third-party vendors and their information technology systems. Commercialization has required the implementation of computer systems that are increasingly complex to install, secure, and maintain. Despite the implementation of security measures, our internal computer systems and those of our collaborators, CROs, and other contractors and consultants may be vulnerable to damage, outages and interruptions resulting from computer viruses and other malicious code or unauthorized access, or breached, compromised, or otherwise subject to security incidents due to operator error, malfeasance, or other system disruptions. Geopolitical events, such as war and armed conflicts, may increase the risks of cyber-attacks, disruptions, and security breaches and incidents that we and these third parties face. Security threats can come from a variety of sources, ranging in sophistication from an individual hacker to a state-sponsored attack. Cyber threats may be broad-based or otherwise generic in nature, or they may be custom-crafted against our information systems or those of our collaborators, CROs, or other contractors or consultants.

As the cyber-threat landscape evolves, cyber-attacks have become more prevalent, intense, sophisticated, and much harder to detect and defend against. Such attacks could include the use of key loggers or other harmful and virulent malware, including ransomware or other denials of service, and can be deployed through malicious websites, the use of social engineering and/or other means. We and our collaborators, CROs, or other contractors and consultants may not be able to anticipate all types of security threats, and we may not be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, may not be recognized until launched, and can originate from a wide variety of sources. Although to our knowledge we have not experienced any such material system failure or security breach or incident to date, if a breakdown, cyberattack or other information security breach or incident 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 loss or misappropriation of trade secrets or loss of, or unauthorized modification, unavailability, disclosure, or other unauthorized processing of other proprietary information or other similar disruption and we could incur liability and reputational damage. For example, any corruption, loss, or other unavailability of clinical trial data from completed, ongoing or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we rely on our third-party research institution collaborators for research and development of our product candidates and other third parties for the manufacture of our product candidates and to conduct clinical trials, and similar events relating to their computer systems could also have a material adverse effect on our business.

Cyber-attacks, breaches, interruptions, or other data security incidents could result in legal claims or proceedings by private parties or governmental authorities, liability under federal or state laws that protect the privacy of personal information, regulatory penalties, significant remediation costs, disrupt key business operations, and divert attention of management and key information technology resources. In the United States, notice of breaches must be made to affected individuals, the U.S. Secretary of the Department of Health and Human Services ("HHS"), and for extensive breaches, notice may need to be made to the media or U.S. state attorneys general. Such a notice could harm our reputation and our ability to compete. In addition, U.S. state attorneys general are authorized to bring civil actions seeking either injunctions or damages in response to violations that threaten the privacy of state residents. There can be no assurance that we, our collaborators, CROs, contractors, consultants, and any other business counterparties will be successful in efforts to detect, prevent, protect against, or fully recover systems or data from all break-downs, service interruptions, attacks, or security breaches or incidents. Although we maintain standalone cybersecurity insurance, the costs related to significant security breaches, incidents, or disruptions could be material and exceed the limits of any insurance coverage we have, and may result in increases in our insurance costs. Relevant insurance may in the future become unavailable to us on commercially reasonable terms or at all. Any disruption or security breach or incident that results in or is perceived to have resulted in a loss of, or damage to, our data or systems, or inappropriate disclosure, use, acquisition, transfer, modification, unavailability, or other processing of confidential or proprietary information, including data related to our personnel, could result in the loss, unauthorized modification, use, unavailability, disclosure or other unauthorized processing of critical or sensitive data, and could cause us to incur liability. Further, in any such event, the development and commercialization of our product candidates could be delayed and our business and operations could be adversely affected. Any of the foregoing could result in financial, legal, business, or reputational harm to us.

We are increasing our use of artificial intelligence (AI) systems to enhance productivity and efficiency; however, the use of AI presents operational, legal, regulatory, cybersecurity, and reputational risks. Many AI systems generate probabilistic outputs based on patterns in training data rather than deterministic rules, and they may produce results that are inaccurate, incomplete, misleading, biased, or not explainable, including “hallucinations,” and their performance may vary based on inputs, updates, or changes in underlying data. As a result, our use of AI could lead to inaccurate analyses, degraded data quality, improper actions or decisions, operational disruptions, or data loss. Our use of AI may also raise ethical and legal challenges, including outcomes that reflect or amplify bias or discrimination, lack of transparency or traceability, and evolving compliance obligations under data protection, intellectual property, and laws and regulations specifically governing the development, deployment, and use of AI. In addition, AI tools may increase the risk that confidential, proprietary, or personal data is exposed, misused, or inappropriately processed (including through training, retention, or sharing by third-party providers), and could increase cybersecurity threats such as unauthorized access, prompt-injection, data exfiltration, or other security incidents. We may also face claims or investigations related to the use of AI, including alleged infringement or misappropriation of third-party intellectual property, or allegations that AI-generated outputs were relied upon inappropriately. These risks could require additional expenditures, reduce the effectiveness of our operations, result in regulatory scrutiny, litigation, fines, contractual liability, or reputational harm, and could materially adversely affect our business, operating results, financial condition, and stock price. If we do not adopt AI or other machine-learning technologies effectively or at an appropriate pace, we may also be less competitive relative to peers who do.

Business disruptions, including as a result of geopolitical events and global pandemics, could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our operations, and those of our third-party research institution collaborators, CROs, CDMOs, suppliers, clinical trial sites, and other third-party partners, could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, public health crises, and other natural or man-made disasters or business interruptions, for which we are partly uninsured. In addition, we rely on our third-party research institution collaborators for conducting research and development of our product candidates, and they may be affected by bank failures or instability in the financial services sector, government shutdowns, or withdrawn funding. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. Government responses to such events, such as to public health crises, may also result in disruption and delay of our business.

The majority of our operations are located in South San Francisco, California and Salt Lake City, Utah. Damage or extended periods of interruption to our corporate, development, research, or manufacturing facilities due to fire, extreme weather conditions or natural disaster, power loss, communications failure, unauthorized entry, or other events could cause us to cease or delay development of some or all of our product candidates. Although we maintain property damage and business interruption insurance coverage on these facilities, our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and interruption.

Our business is subject to economic, political, regulatory, and other risks associated with international operations.

Our business is subject to risks associated with conducting business internationally. In addition to a subsidiary located in Zurich, Switzerland, we have suppliers and collaborative relationships located outside the United States. Accordingly, our future results could be harmed by a variety of factors, including:

- economic weakness, including inflation, rising interest rates or political instability in certain non-U.S. economies and markets;

- differing and changing regulatory requirements in non-U.S. countries;

- potentially reduced protection for intellectual property rights;
- difficulties in compliance with non-U.S. laws and regulations;
- changes in non-U.S. regulations and customs, tariffs, and trade barriers;
- changes in non-U.S. currency exchange rates and currency controls;
- changes in a specific country's or region's political or economic environment;
- trade protection measures, import or export licensing requirements, or other restrictive government actions by U.S. or non-U.S. governments;
- differing reimbursement regimes, including price controls;
- negative consequences from changes in tax laws or tariffs;
- compliance with tax, employment, immigration, and labor laws for employees living or traveling abroad;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- difficulties associated with staffing and managing international operations, including differing labor relations;
- potential liability under the FCPA, UK Bribery Act, or comparable foreign laws;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad;
- business interruptions resulting from geopolitical actions, including war and armed conflict, terrorism, natural disasters including earthquakes, typhoons, floods, and fires, or health epidemics; and
- cyberattacks, which are growing in frequency, sophistication and intensity, and are becoming increasingly difficult to detect.

In particular, there is currently significant uncertainty about the future relationship between the United States and various other countries, most significantly China, with respect to trade policies, treaties, tariffs, taxes, and other limitations on cross-border operations. The U.S. government has and continues to make significant additional changes in U.S. trade policy and may continue to take future actions that could negatively impact U.S. trade. For example, legislation has been introduced in Congress to limit certain U.S. biotechnology companies from using equipment or services produced or provided by select Chinese biotechnology companies, and others in Congress have advocated for the use of existing executive branch authorities to limit those Chinese service providers' ability to engage in business in the U.S. We cannot predict what actions may ultimately be taken with respect to trade relations between the United States and China or other countries, what products and services may be subject to such actions or what actions may be taken by the other countries in retaliation. If we are unable to obtain or use services from existing service providers or become unable to export or, if approved, sell our products, our business, liquidity, financial condition, and/or results of operations would be materially and adversely affected.

These and other risks associated with our planned international operations may materially adversely affect our ability to attain profitable operations.

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

As of December 31, 2025, we had federal net operating loss carryforwards of approximately $964.9 million, federal research and development tax credit carryforwards of approximately $73.8 million, and orphan tax credit carryforwards of approximately $75.0 million, some of which will begin to expire in 2034. Under Sections 382 and 383 of the United States Internal Revenue Code of 1986, as amended, (the "Code"), if a corporation undergoes an “ownership change” (generally defined as a greater than 50-percentage-point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three-year period), the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change taxable income or taxes may be limited. We have experienced ownership changes in the past, and we may also experience ownership changes in the future as a result of subsequent shifts in our stock ownership, including in connection with our October 2022 and December 2025 offerings, some of which are outside our control. Limitations may also apply under state law. For example, recently enacted California legislation limits the use of state net operating loss carryforwards for tax years beginning on or after January 1, 2024 and before January 1, 2027. As a result of this legislation or other unforeseen reasons, we may not be able to utilize some or all of our net operating loss carryforwards, even if we attain profitability.

Risks Related to Ownership of Our Common Stock

The market price of our common stock has been and may continue to be volatile, which could result in substantial losses for investors.

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

- the timing and results of clinical trials for our current product candidates and any future product candidates that we may develop;
- commencement or termination of collaborations for our product development and research programs;
- the timing and ability to obtain regulatory approval on our product candidates;
- failure to achieve development, regulatory, or commercialization milestones under our collaborations;
- failure or discontinuation of any of our product development and research programs;
- failure to successfully commercialize AVLAYAH or other product candidates;
- results of preclinical studies, clinical trials, or regulatory approvals of product candidates of our competitors, or announcements about new research programs, product candidates, or technologies of our 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;

- the level of expenses related to any of our research programs, clinical development programs, or product candidates that we may develop;
- the results of our efforts to develop additional product candidates or products;
- actual or anticipated changes in estimates as to financial results, development timelines, or recommendations by securities analysts;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders, or other stockholders;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of healthcare payment systems or in accounting standards;
- ineffectiveness of our internal controls;
- significant lawsuits, including patent or stockholder litigation;
- market conditions in the pharmaceutical and biotechnology sectors; and
- other events or factors affecting general economic, industry, and market conditions, including bank failures or instability in the financial services sector, geopolitical events such as war and armed conflict, natural disasters, and public health crises.

In recent years, the stock market in general, and the market for pharmaceutical and biotechnology companies in particular, has experienced significant price and volume fluctuations that have often been unrelated or disproportionate to changes in the operating performance of the companies whose stock is experiencing those price and volume fluctuations. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. In the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our stockholders were to bring a lawsuit against us, the defense and disposition of any such lawsuits could be costly and divert the time and attention of our management and harm our operating results, regardless of the merits of such a claim.

If securities analysts publish negative evaluations of our stock, or if they do not publish research or reports about our business, the price of our stock and trading volume could decline.

The trading market for our common stock relies in part on the research and reports that industry or financial analysts publish about us or our business. If one or more of the analysts covering our business downgrade their evaluations of our stock, or if we fail to meet the expectations of analysts, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price or trading volume to decline.

Sales of substantial amounts of our common stock in the public markets, or the perception that such sales might occur, could cause the market price of our common stock to decline significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of our common stock.

Furthermore sales of our common stock by current stockholders may make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate, and make it more difficult for you to sell shares of our common stock. Certain holders of shares of our common stock have rights, subject to conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. For example, on February 27, 2024, we entered into a Purchase Agreement with certain existing accredited investors in connection with a strategic private offering transaction. Pursuant to this transaction, we entered into an agreement granting an investor certain registration rights following such time that the investor may be deemed an affiliate of the Company. Any sales of securities by these stockholders, or the perception that sales will be made in the public market, could have a material adverse effect on the market price for our common stock.

We have registered on Form S-8 all shares of common stock that are issuable under our 2017 Equity Incentive Plan and 2017 Employee Stock Purchase Plan. As a consequence, these shares can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations, or require us to relinquish rights to our technologies or product candidates.

We may seek additional capital through a combination of public and private equity offerings, debt financings, strategic partnerships and alliances, and licensing arrangements. For example, in December 2025, we sold 9,142,857 shares of common stock and pre-funded warrants to purchase 2,285,714 shares of our common stock in an underwritten public offering. In January 2026, in connection with the same offering, the underwriters exercised their option to purchase an additional 746,468 shares of common stock, on which date we received aggregate net proceeds of approximately $12.4 million. Our security holders may be further diluted by the exercise of the pre-funded warrants issued. We, and indirectly, our stockholders, will bear the cost of issuing and servicing all such securities. Additionally, collaborations we enter into with third parties may provide capital in the near term but limit our potential cash flow and revenue in the future. If we raise additional funds through strategic partnerships and alliances and licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or product candidates, or grant licenses on terms unfavorable to us. In December 2025, for example, we announced a synthetic royalty funding agreement that, upon certain conditions including regulatory approval within specified timelines and payment of milestones, would entitle Royalty Pharma to 9.25% royalty on future net sales of AVLAYAH.

To the extent that we raise additional capital through the sale of equity or debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a stockholder. The incurrence of indebtedness would result in increased fixed payment obligations and could involve restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell, or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, any sales of our common stock or other securities under our shelf registration statement could put downward pressure on our stock price.

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

Our directors, executive officers, holders of more than 5% of our outstanding stock, and their respective affiliates beneficially own a significant percentage of our outstanding common stock. As a result, these stockholders, if they act together, may significantly influence all matters requiring stockholder approval, including approval of significant corporate transactions and the election of directors, as with the recent board nomination and election of a director designated by Baker Brothers Life Sciences L.P. and 667, L.P. ("Baker Brothers") pursuant to a nominating agreement.

Any concentration of ownership may result in such holders exerting influence over us and may have the effect of delaying or preventing a change in control of our company that our other stockholders may believe is in their best interests. This in turn could have a material adverse effect on our stock price and may prevent attempts by our stockholders to replace or remove the board of directors or management.

If we are unable to maintain effective internal controls, our business, financial position and results of operations and growth prospects could be adversely affected.

As a public company, we are subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended, ("Exchange Act"), including the requirements of Section 404 of the Sarbanes-Oxley Act, which require annual management assessments of the effectiveness of our internal control over financial reporting.

The rules governing the standards that must be met for management and our auditors to assess our internal control over financial reporting are complex and require significant documentation, testing, and possible remediation to meet the detailed standards under the rules. During the course of its testing, our management or auditors may identify material weaknesses or deficiencies which may not be remedied in time to meet the deadline imposed by the Sarbanes-Oxley Act. These reporting and other obligations place significant demands on our management and administrative and operational resources, including accounting resources.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Any failure to maintain effective internal controls could have an adverse effect on our business, financial position, results of operations, and growth prospects.

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 or system failures. 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 expect to pay any dividends for the foreseeable future. Investors may never obtain a return on their investment.

We have never paid cash dividends on our common stock and do not anticipate that we will pay any dividends in the foreseeable future. We currently intend to retain our future earnings, if any, to maintain and expand our existing operations. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates, which may never occur.

Delaware law and provisions in our charter documents might discourage, delay, or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of our common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage, delay, or prevent a merger, acquisition, or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. Therefore, these provisions could adversely affect the price of our common stock. Among other things, our charter documents:

- establish that our board of directors is divided into three classes, Class I, Class II, and Class III, with each class serving staggered three-year terms;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- provide that our directors may only be removed for cause;
- eliminate cumulative voting in the election of directors;
- authorize our board of directors to issue shares of preferred stock and determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval;
- provide our board of directors with the exclusive right to elect a director to fill a vacancy or newly created directorship;
- permit stockholders to only take actions at a duly called annual or special meeting and not by written consent;
- prohibit stockholders from calling a special meeting of stockholders;
- require that stockholders give advance notice to nominate directors or submit proposals for consideration at stockholder meetings;
- authorize our board of directors, by a majority vote, to amend the bylaws; and
- require the affirmative vote of at least 66 2/3% or more of the outstanding shares of common stock to amend many of the provisions described above.

In addition, Section 203 of the General Corporation Law of the State of Delaware, (the "DGCL"), prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15.0% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

Any provision of our amended and restated certificate of incorporation, amended and restated bylaws, or Delaware law that has the effect of delaying or preventing a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation 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 claim of breach of fiduciary duty;

- any action asserting a claim against us arising under the DGCL, our amended and restated certificate of incorporation, or our amended and restated bylaws; and

- any action asserting a claim against us that is governed by the internal-affairs doctrine.

Our amended and restated certificate of incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action or we do not enforce such provision, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

On February 27, 2024, we entered into a securities purchase agreement (the "Purchase Agreement") with certain existing accredited investors for the private placement of (i) 3,244,689 shares of our common stock at a price of $17.07 per share and (ii) pre-funded warrants to purchase an aggregate of 26,046,065 shares of our common stock (the "Pre-Funded Warrants") at a purchase price of $17.06 per Pre-Funded Warrant. The private placement closed on February 29, 2024, at which time we received net proceeds of approximately $499.3 million. The Pre-Funded Warrants are exercisable at an exercise price of $0.01 and will be exercisable until exercised in full. The holders of Pre-Funded Warrants may not exercise a Pre-Funded Warrant if the holder, together with its affiliates, would beneficially own more than 4.99% of the number of shares of common stock outstanding immediately after giving effect to such exercise. The holders of Pre-Funded Warrants may increase or decrease such percentage not in excess of 19.99%, in the case of an increase, by providing at least 61 days' prior notice to the Company. We have also granted a certain investor certain director nomination and additional registration rights, subject to certain exceptions, conditions, and limitations. We intend to use the net proceeds from the private placement to support our ongoing research and development activities, the acceleration and expansion of our proprietary BBB-crossing TV technology, as well as general corporate purposes and working capital. We have invested the funds received in short-term and long-term, interest-bearing investment-grade securities and government securities. We filed a registration statement to register the shares of common stock sold in the private placement (including the shares of common stock underlying the Pre-Funded Warrants) on March 22, 2024.

We are relying on the exemptions from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering, and we expect to file a Form D with respect to the private placement.

Use of Proceeds from Registered Securities

In October 2022, we sold 11,933,962 shares of common stock (inclusive of shares sold pursuant to an overallotment option granted to the underwriters in connection with the offering) through an underwritten public offering at a price of $26.50 per share for aggregate net proceeds of approximately $296.2 million.

In December 2025, we sold 9,142,857 shares of common stock, par value $0.01 per share (the "Common Stock"), at a price to the public of $17.50 per share (the "Firm Shares") and 2,285,714 shares of pre-funded warrants at a price to the public of $17.49 per underlying share, which represents the per share public offering price of each share of common stock less the $0.01 per share exercise price for each pre-funded warrant, through an underwritten public offering for aggregate net proceeds of approximately $189.2 million, after deducting issuance costs of approximately $0.7 million. In January 2026, the underwriters exercised their option to purchase an additional 746,468 shares of the Company's Common Stock, on which date the Company received aggregate net proceeds of approximately $12.4 million.

There have been no material changes in the planned use of the net proceeds from the follow-on public offering as described in the Registration Statement. We have invested the funds received in short-term and long-term, interest-bearing investment-grade securities and government securities.

Issuer Purchases of Equity Securities

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

Our policy governing transactions in our securities by our directors, officers, and employees permits our officers, directors and employees to enter into trading plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. As disclosed in the table below, during the first quarter of 2026, certain directors adopted a "Rule 10b5-1 trading arrangement". This plan provides for the sale of our common stock and is intended to satisfy the affirmative defense in Rule 10b5-1(c).

Name	Position	Date of Plan Adoption	Scheduled End Date of Trading Arrangement[(1)]	Maximum Total Shares of Common Stock to be Sold Under the Plan[(2)]
Alexander Schuth, M.D.	Chief Operating and Financial Officer	3/27/2026	9/30/2027	144,051

(1) In each case, the trading arrangement may expire on an earlier date if and when all transactions under the arrangement are completed.
(2) This amount represents the maximum total shares that could be sold under the plan, but the amounts may change for executive officers due to the sale of shares to satisfy tax withholding requirements.

No other officers or directors, as defined in Rule 16a-1(f), adopted and/or terminated of a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Regulation S-K Item 408, during the first quarter ended March 31, 2026.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Number	Filing Date
10.1	Amended and Restated Outside Director Compensation Policy	—	—	—	Filed herewith
10.2	Revenue Participation Right Purchase and Sale Agreement by and between Denali Therapeutics Inc. and Royalty Pharma Investments 2023 ICAV Dated as of December 2, 2025	—	—	—	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.	—	—	—	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.	—	—	—	Filed herewith
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act.	—	—	—	Furnished herewith
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.	—	—	—	Furnished herewith
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Incline XBRL document	—	—	—	Furnished herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	—	—	—	Furnished herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	—	—	—	Furnished herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	—	—	—	Furnished herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	—	—	—	Furnished herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	—	—	—	Furnished herewith
104	The cover page from the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2026, formatted in Inline XBRL (contained in Exhibit 101)	—	—	—	Furnished herewith

* The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Denali Therapeutics Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

DENALI THERAPEUTICS INC.

Date:	May 7, 2026	By:	/s/ Ryan J. Watts
			Ryan J. Watts, Ph.D. President and Chief Executive Officer *(Principal Executive Officer)*
Date:	May 7, 2026	By:	/s/ Alexander O. Schuth
			Alexander O. Schuth, M.D. Chief Operating and Financial Officer *(Principal Financial and Accounting Officer)*

Exhibit 10.1

DENALI THERAPEUTICS INC.

OUTSIDE DIRECTOR COMPENSATION POLICY

Initially adopted and approved November 10, 2017; most recently amended and restated January 23, 2026 (the "**Restatement Date**")

Denali Therapeutics Inc. (the "**Company**") believes that granting equity and cash compensation to members of its Board of Directors (the "**Board**," and members of the Board, the "**Directors**") represents an effective tool to attract, retain, and reward Directors who are not employees of the Company (the "**Outside Directors**"). This Outside Director Compensation Policy as amended and restated (the "**Policy**") formalizes the Company's policy regarding cash compensation and grants of equity to its Outside Directors. Unless otherwise defined in this Policy, any capitalized terms used in this Policy will have the meaning given such term in the Company's 2017 Equity Incentive Plan, as amended from time to time (the "**Plan**"), or if the Plan is no longer in use at the time of an equity award, the meaning given such term or any similar term in the equity plan then in place under which such equity award is granted. Each Outside Director will be solely responsible for any tax obligations incurred by such Outside Director as a result of the equity and cash payments such Outside Director receives under this Policy.

This amended and restated Policy will be effective as of the Restatement Date.

1. <u>Cash Compensation</u>

Annual Cash Retainer

Each Outside Director will be paid an annual cash retainer of $50,000, beginning for calendar year 2025. There are no per-meeting attendance fees for attending Board meetings or meetings of any committee of the Board.

Non-Executive Chair, Committee Chair and Committee Member Annual Cash Retainer

Effective beginning for calendar year 2022, each Outside Director who serves as the non-executive Chair of the Board, chair of a committee of the Board, or member of a committee of the Board will be eligible to earn additional annual cash retainers as follows:

Non-Executive Chair of the Board	$35,000
Chair of Audit Committee:	$20,000
Member of Audit Committee: (excluding Committee Chair)	$10,000
Chair of Compensation Committee:	$15,000
Member of Compensation Committee: (excluding Committee Chair)	$7,500
Chair of Nominating and Governance Committee:	$10,000
Member of Nominating and Governance Committee: (excluding Committee Chair)	$5,000
Chair of Science and Technology Committee:	$15,000
Member of Science and Technology Committee: (excluding Committee Chair)	$7,500

Payment

Each annual cash retainer under this Policy will be paid quarterly in arrears on a prorated basis to each Outside Director who has served in the relevant capacity at any point during the immediately preceding fiscal quarter, and such payment shall be made no later than thirty (30) days following the end of such immediately preceding fiscal quarter. For the avoidance of doubt, cash retainers payable for the fiscal quarter containing the Restatement Date will be paid at the rates in effect on the Restatement Date. For purposes of clarification, an Outside Director who has served as an Outside Director, as non-executive Chair of the Board or as a member of an applicable committee (or chair thereof), as applicable, during only a portion of the relevant Company fiscal quarter will receive a pro-rated payment of the quarterly payment of the applicable annual cash retainer(s), calculated based on the number of days during such fiscal quarter such Outside Director has served in the relevant capacities.

2. <u>Equity Compensation</u>

Outside Directors may receive any Awards (except Incentive Stock Options) under the Plan (or the applicable equity plan in place at the time of grant), including discretionary Awards not covered under this Policy. All grants of Awards to Outside Directors under this Section 2 will be automatic and nondiscretionary, except as otherwise provided herein, and will be made in accordance with the following provisions and all other provisions of the Plan that are not inconsistent with this Policy:

(a) Initial Awards.

i. Initial Stock Options. Subject to Section 11 of the Plan, each person who first becomes an Outside Director on or following the Restatement Date automatically will be granted a Nonstatutory Stock Option (the "**Initial Option**") covering the number of Shares equal to (x) the Initial Award Base Number *multiplied by* (y) sixty percent (60%); provided, however, that the number of Shares covered by an Initial Option will be rounded down to the nearest whole Share. The Initial Option grant will be effective on the date on which such person first becomes an Outside Director on or following the Restatement Date, whether through election by the stockholders of the Company or appointment by the Board to fill a vacancy. Notwithstanding the foregoing, a Director who was an Employee (an "**Inside Director**") who ceases to be an Inside Director, but who remains a Director, will not receive an Initial Option. Subject to Section 5 below and Section 14 of the Plan, each Initial Option will vest and become exercisable as to twenty-five percent (25%) of the Shares subject to the Initial Option on the one (1)-year anniversary of the date of grant and as to one-forty-eighth ($1/48^{th}$) of the Shares subject to the Initial Option on each monthly anniversary of the date of grant thereafter (and if there is no corresponding day, on the last day of the month), in each case, provided that the Outside Director continues to serve as an Outside Director through the applicable vesting date.

ii. Initial Restricted Stock Unit Awards. Subject to Section 11 of the Plan, each person who first becomes an Outside Director on or following the Restatement Date automatically will be granted a Restricted Stock Unit Award (the "**Initial RSU**") covering the number of Shares determined by

1. taking the product of (x) the Initial Award Base Number *multiplied by* (y) forty percent (40%); *and*

2. dividing such product by two (2) (representing a conversion to the Initial RSU Share number based on a 2:1 option to RSU ratio);

provided, however, that the number of Shares covered by an Initial RSU will be rounded down to the nearest whole Share. The Initial RSU will be effective on the date on which such person first becomes an Outside Director on or following the Restatement Date, whether through election by the stockholders of the Company or appointment by the Board to fill a vacancy;. Notwithstanding the foregoing, an Inside Director who ceases to be an Inside Director, but who remains a Director, will not receive an Initial RSU.

Subject to Section 5 below and Section 14 of the Plan, each Initial RSU will vest as to twenty-five percent (25%) of the Shares subject to the Initial RSU on each of the one (1)-year, two (2)-year and three (3)-year anniversaries of the date of grant (and if there is no corresponding day, on the last day of the month), and as to twenty-five percent (25%) of the Shares subject to the Initial RSU on the earlier of the four (4)-year anniversary of the grant date (and if there is no corresponding day, on the last day of the month) or the day prior to the Company's next Annual Meeting occurring after the three (3)-year anniversary of the date of grant, in each case, provided that the Outside Director continues to serve as an Outside Director through the applicable vesting date.

(b) Initial Award Base Number. For purposes of this Policy, "**Initial Award Base Number**" means the number of Shares that would be subject to an Option with a Value of $750,000 if such Option was granted under the Plan on the date on which such person first becomes an Outside Director on or following the Restatement Date.

(c) Annual Awards.

i. Annual Stock Options. Subject to Section 11 of the Plan and to the following sentence, on the date of each annual meeting of stockholders of the Company (each, an "**Annual Meeting**"), beginning with the first Annual Meeting following the Restatement Date, each Outside Director automatically will be granted a Nonstatutory Stock Option (an "**Annual Option**") covering the number of Shares equal to (x) the Annual Award Base Number *multiplied by* (y) sixty percent (60%); provided that the number of Shares covered by each Annual Option will be rounded down to the nearest whole Share. Each Annual Option will be effective on the date of the applicable Annual Meeting, if, as of such Annual Meeting date, the applicable Outside Director will have served on the Board as a Director for at least the preceding six (6) months; provided that any Outside Director who is not continuing as a Director following the applicable Annual Meeting will not receive an Annual Option with respect to such Annual Meeting. Subject to Section 5 below and Section 14 of the Plan, each Annual Option will vest and become exercisable as to one hundred percent (100%) of the Shares subject thereto upon the earlier of the one (1) year anniversary of the grant date or the day prior to the Company's next Annual Meeting occurring after the grant date, in each case, provided that the Outside Director continues to serve as an Outside Director through the applicable vesting date.

ii. Annual Restricted Stock Unit Awards. Subject to Section 11 of the Plan and to the following sentence, on the date of each Annual Meeting, beginning with the first Annual Meeting following the Restatement Date, each Outside Director automatically will be granted a Restricted Stock Unit Award (an "**Annual RSU**" and, together with the Annual Options, the "**Annual Awards**") covering the number of Shares determined by:

1. taking the product of (x) the Annual Award Base Number *multiplied by* (y) forty percent (40%); and

2. dividing such product by two (2) (representing a conversion to the Annual RSU Share number based on a 2:1 option to RSU ratio);

provided that the number of Shares covered by each Annual RSU will be rounded down to the nearest whole Share. Each Annual RSU will be effective on the date of the applicable Annual Meeting, if, as of such Annual Meeting date, the applicable Outside Director will have served on the Board as a Director for at least the preceding six (6) months; provided that any Outside Director who is not continuing as a Director following the applicable Annual Meeting will not receive an Annual RSU with respect to such Annual Meeting. Subject to Section 5 below and Section 14 of the Plan, each Annual RSU will vest as to one hundred percent (100%) of the Shares subject thereto upon the earlier of the one (1) year anniversary of the grant date or the day prior to the Company's next Annual Meeting occurring after the grant date, in each case, provided that the Outside Director continues to serve as an Outside Director through the applicable vesting date.

(d) Annual Award Base Number. For purposes of this Policy, "**Annual Award Base Number**" means the number of Shares that would be subject to an Option with a Value of $425,000 if such Option was granted under the Plan on the date of the applicable Annual Meeting.

(e) Value. For purposes of this Policy, "**Value**" means, with respect to a stock option, its grant date fair value calculated in accordance with the Black-Scholes option valuation methodology utilized by the Company for equity grants to Company executives, or such other methodology the Board or Compensation Committee may determine prior to the grant of the stock option becoming effective, as applicable, consistent, as determined by the Board or Compensation Committee, with the general methodology used to value equity grants to Company executives.

(f) No Discretion. No person will have any discretion to select which Outside Directors will be granted any Awards under this Policy or to determine the number of Shares to be covered by such Awards, as applicable (except as provided in Section 6 below).

(g) Terms Applicable to all Options Granted Under this Policy. The per Share exercise price for an Option granted under this Policy will be one hundred percent (100%) of the Fair Market Value on the grant date. The maximum term to expiration of an Option granted under this Policy will be ten (10) years, subject to earlier termination as provided in the Plan.

3. Expenses

Each Outside Director's reasonable, customary, and properly documented expenses in connection with service on the Board or any committee of the Board will be reimbursed by the Company.

4. Outside Director Compensation Limits

Until at least the date of the Annual Meeting held in 2025 (the "**2025 Annual Meeting**"), neither the cash retainers nor the Value of equity compensation payable under this Policy to Outside Directors will be raised to a level that is in excess of the 75^{th} percentile of the cash retainers or value of equity award compensation, respectively, paid by the then-applicable Peer

Group to their non-employee directors. For purposes of this Policy, "**Peer Group**" means the peer group of the Company as approved by the Compensation Committee of the Board (the "**Compensation Committee**") or the Board from time to time.

Notwithstanding the foregoing, newly elected or appointed Outside Directors may receive total cash and equity compensation in connection with their initial appointment or election to the Board having an aggregate value (with value of equity compensation calculated as the Value of such equity compensation under the Policy) of up to two times (2x) the total of (x) the aggregate amount of annual cash retainers (for the avoidance of doubt, including all cash retainers for serving as an Outside Director, including cash retainers for serving as non-executive Chair of the Board or as a chair or member of an applicable committee) that could be provided to any incumbent Outside Director under the terms of the Policy as then in effect, and (y) the Value of Annual Awards that could be provided to any incumbent Outside Director under the terms of the Policy as then in effect.

The Company will assess and determine its Peer Group annually based on such factors as the Compensation Committee or the Board, as applicable, deems relevant after discussion with the Compensation Committee' compensation consultant, and shall consider, among other companies as determined appropriate by the Compensation Committee or the Board, as applicable, for selection as Peer Group companies those companies which are: (a) operating in the same industries as the Company (by reference to Global Industry Classification Standard code or similar reasonable identifiers, which may change from time to time), and (b) similar in size to the Company based on market capitalization (or, during volatile market conditions, revenue, if so determined by the Compensation Committee or the Board, as applicable).

Notwithstanding anything in the foregoing to the contrary, all determinations related to the foregoing, including but not limited to the determination of the Peer Group, the cash retainers and value of equity award compensation paid by the Peer Group and/or under the Policy to incumbent Outside Directors, the determination of what constitutes the 75th percentile of such amounts, and the date or dates as of which such 75th percentile is to be assessed will be determined in the good faith of the Compensation Committee or the Board after consideration of the advice of the Compensation Committee's compensation consultant as contemplated above.

5. <u>Additional Provisions</u>

All provisions of the Plan and form of award agreement approved for use under the Plan not inconsistent with this Policy will apply to Awards granted to Outside Directors.

6. <u>Section 409A</u>

It is the intent of this Policy that this Policy and all payments hereunder be exempt from or otherwise comply with the requirements of Section 409A (as defined below) so that none of the compensation to be provided hereunder will be subject to the additional tax imposed under 409A of the Internal Revenue Code of 1986, as amended, and the final regulations and guidance thereunder, as may be amended from time to time (together, "**Section 409A**"), and any ambiguities or ambiguous terms herein will be interpreted to be so exempt or comply. In no event will cash compensation or expense reimbursement payments under this Policy be paid after the later of (i) 15th day of the 3rd month following the end of the Company's fiscal year in which the compensation is earned or expenses are incurred, as applicable, or (ii) 15th day of the 3rd month following the end of the calendar year in which the compensation is earned or expenses are incurred, as applicable. As such, all payments under this Policy are intended to fall within the "short-term deferral" exception under Section 409A. In no event will the Company be obligated to reimburse an Outside Director for any taxes imposed or other costs incurred as a result of Section 409A or otherwise because of the receipt of compensation under this Policy.

7. Revisions

Except as provided herein, the Board or any committee designated by the Board (a "**Designated Committee**"), may amend, suspend or terminate this Policy at any time and for any reason. Unless determined otherwise by the Board, the Compensation Committee is a Designated Committee under this Policy. This includes, that the Board or a Designated Committee in its discretion may at any time change and otherwise revise the terms of the cash compensation granted under this Policy, including, without limitation, the amount of cash and timing of unearned compensation to be paid on or after the date the Board or a Designated Committee, as applicable determines to make any such change or revision. Any amendment to the terms of any cash compensation granted under the Policy will be effective no earlier than the date such amendment is made. Further, except as provide herein, the Board or a Designated Committee in its discretion may at any time change and otherwise revise the terms of Awards granted under this Policy, including, without limitation, the number of Shares subject thereto, the vesting schedule of Awards, and the type of Awards to be granted on or after the date the Board or a Designated Committee, as applicable, determines to make any such change or revision. If, on the date of an Award grant under this Policy, an equity incentive plan other than the Plan is the primary equity incentive plan used by the Company, all references to the Plan in this Policy shall, with respect to such Award, be deemed to refer to the Company's primary equity incentive plan in use at the time of such Award grant, including that references to Section 11 of the Plan shall be deemed to refer to the section(s) of such primary equity incentive plan relating to the per person limits on the number or value of Shares that an Outside Director may receive under such plan during the period specified therein, and references to Section 14 of the Plan shall be deemed to refer to the section(s) of such primary equity incentive plan relating to adjustments to the Shares, dissolution or liquidation or the Company, and/or merger or Change in Control (or similar transactions) of the Company.

Notwithstanding the foregoing, no amendment, alteration, suspension or termination of this Policy will materially impair the rights of an Outside Director with respect to compensation that already has been paid or awarded, unless otherwise mutually agreed between the Outside Director and the Company. Further, and notwithstanding the foregoing, until at least the date of the 2025 Annual Meeting, this Policy shall not be amended in a manner inconsistent with the terms of the derivative settlement entered into by the Company on January 13, 2021 and referenced in the Form 8-K dated February 5, 2021.

Termination of this Policy will not affect the Board's or the Compensation Committee's ability to exercise the powers granted to it under the Plan with respect to Awards granted under the Plan pursuant to this Policy prior to the date of such termination.

SPECIFIC TERMS IN THIS EXHIBIT HAVE BEEN REDACTED BECAUSE CONFIDENTIAL TREATMENT FOR THOSE TERMS HAS BEEN REQUESTED. THE REDACTED MATERIAL HAS BEEN SEPARATELY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE TERMS HAVE BEEN MARKED AT THE APPROPRIATE PLACE WITH THREE ASTERISKS [***].

Revenue Participation Right

Purchase and Sale Agreement

by and between

Denali Therapeutics Inc.

and

Royalty Pharma Investments 2023 ICAV

Dated as of December 2, 2025

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REVENUE PARTICIPATION RIGHT PURCHASE AND SALE AGREEMENT

This REVENUE PARTICIPATION RIGHT PURCHASE AND SALE AGREEMENT (this "Agreement"), dated as of December 2, 2025 (the "Effective Date"), is made and entered into by and between Royalty Pharma Investments 2023 ICAV, an Irish collective asset-management vehicle (the "Buyer"), and Denali Therapeutics Inc., a Delaware corporation (the "Seller").

W I T N E S S E T H:

WHEREAS, the Seller is in the business of, among other things, developing and commercializing pharmaceutical products, including the Products; and

WHEREAS, the Buyer desires to purchase the Revenue Participation Right and receive the Revenue Payments from the Seller, and the Seller desires to sell the Revenue Participation Right and make the Revenue Payments to the Buyer, in each case on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the representations, warranties, covenants and agreements set forth herein and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Seller and the Buyer hereby agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. The following terms, as used herein, shall have the following meanings:

"Accelerated Approval" means Marketing Approval obtained pursuant to the FDA's accelerated approval pathway as set forth in 21 C.F.R. § 601 Subpart E or 21 C.F.R. § 314 Subpart H (as applicable) or any successor accelerated approval pathway.

"Additional Purchase Price" means seventy-five million dollars ($75,000,000).

"Additional Purchase Price Payment" is defined in Section 3.4.

"Additional Purchase Price Triggering Event" is defined in Section 3.4.

"Affiliate" means, with respect to any particular Person, any other Person directly or indirectly controlling, controlled by or under common control with such particular Person. For purposes of the foregoing sentence, the term "control" means direct or indirect ownership of (a) fifty percent (50%) or more, including ownership by trusts with substantially the same beneficial interests, of the voting and equity rights of such Person, firm, trust, corporation, partnership or other entity or combination thereof, or (b) the power to direct the management of such Person, firm, trust, corporation, partnership or other entity or combination thereof, by contract or otherwise. For purposes hereof, any Person shall be deemed to control a partnership, limited liability company, association or other business entity if such Person, directly or indirectly through one or more intermediaries, shall be allocated a majority of partnership, limited liability company, association or other business entity gains or losses or shall be or control the managing director or general partner of such partnership, limited liability company, association or other business entity.

"Agreement" is defined in the preamble.

"Audit Arbitrator" is defined in Section 7.4(d).

"Back-Up Collateral" is defined in Section 2.4.

[***]

"Back-Up Security Interest" is defined in Section 2.4.

"Bankruptcy Laws" means, collectively, bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer or other similar laws affecting the enforcement of creditors' rights generally.

"Bill of Sale" is defined in Section 3.3.

"Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions located in New York are permitted or required by applicable law or regulation to remain closed.

"Buyer" is defined in the preamble.

"Buyer Indemnified Parties" is defined in Section 9.1(a).

"Calendar Quarter" means a period of three (3) consecutive months ending at midnight, New York City time on the last day of March, June, September, or December, respectively, provided that the first Calendar Quarter shall commence on the Effective Date and end on December 31, 2025.

"Calendar Year" means a period of twelve (12) consecutive months commencing on January 1 of any year, provided that the first Calendar Year shall commence on the Effective Date and end on December 31, 2025.

"Change of Control" means (a) a transaction or series of related transactions that results in the sale or other disposition of all or substantially all of the Seller's and its Affiliates' assets, on a consolidated basis; (b) a merger or consolidation of the Seller (or a parent entity) with a Third Party in which the Seller (or a parent entity) is not the surviving corporation or in which, if the Seller (or a parent entity) is the surviving corporation, the stockholders of the Seller (or a parent entity) immediately prior to the consummation of such merger or consolidation do not, immediately after consummation of such merger or consolidation, possess, directly or indirectly through one or more intermediaries, and acting jointly, a majority of the voting power of all of the surviving entity's outstanding stock and other securities and the power to elect a majority of the members of the Seller's (or, if the Seller is not the ultimate parent, its ultimate parent entity's) board of directors (or equivalent governing body); or (c) a transaction or series of related transactions with one or more Third Parties (which may include a tender offer for the Seller's (or its parent entity's) stock or the issuance, sale or exchange of stock of the Seller (or its parent entity)) if the stockholders of the Seller (or its parent entity) immediately prior to such transaction(s) do not, immediately after consummation of such transaction(s), possess, directly or indirectly through one or more intermediaries, and acting jointly, a majority of the voting power of all of the Seller's (or its parent entity's) or its successor's outstanding stock and other securities and the power to elect a majority of the members of the Seller's (or its parent entity's) or its successor's board of directors (or equivalent governing body).

"Clinical Trial" means a clinical study involving patients or healthy volunteers intended to support the Marketing Approval or Commercialization of a Product.

"Clinical Updates" means [***]

"Closing" means the closing of the sale, transfer, assignment and conveyance of the Revenue Participation Right hereunder.

"Closing Date" is defined in Section 3.1.

"CMC Activities" means those manufacturing activities and regulatory activities designed to support preparation of the chemistry, manufacturing and controls sections of any regulatory materials or Marketing Approval for any Product.

"Combination Product" means [***]

"Commercialization" means any and all activities directed to the marketing, detailing, promotion, commercial launching, selling and securing of reimbursement of a product (including using, importing, selling and offering for sale of the product), and shall include post-approval studies, post-launch marketing, promoting, detailing, marketing research, customer service, selling a product, importing, exporting, and regulatory compliance with respect to the foregoing. When used as a verb, "Commercialize" and "Commercializing" shall mean to engage in Commercialization. For clarity, "Commercialization" excludes Manufacturing activities.

"Commercially Reasonable Efforts" means, [***]

"Commercial Updates" [***]

"COMPASS Phase 3 Trial" means the Phase 3 Clinical Trial entitled "*A Study to Determine the Efficacy and Safety of Tividenofusp Alfa (DNL310) vs Idursulfase in Pediatric and Young Adult Participants With Neuronopathic (nMPS II) or Non-Neuronopathic Mucopolysaccharidosis Type II (nnMPS II) (COMPASS)*", clinicaltrials.gov identifier # NCT05371613.

"Confidential Information" is defined in Section 10.1.

"Contract Manufacturing Agreement" means any agreement or arrangement between the Seller or any of its Affiliates, on the one hand, and any Third Party, on the other hand, for the Manufacture of a Product (including bulk drug product, bulk drug substance and finished product) for Commercialization.

"Convertible Debt" is defined in the definition of "Permitted Convertible Debt".

"Customary Intercreditor Agreement" means a customary intercreditor agreement between the Buyer and a Third Party providing [***] (f) any other provisions reasonably satisfactory to such Secured Lender and the Buyer consistent with clauses (a)-(e) above and consistent with the premise that (i) [***] and (ii) that such Secured Lender shall have the rights set forth in clause (b) above, subject to the requirements of clauses (c) and (d) above.

"Data Room" is defined in Section 7.9.

"Disclosing Party" is defined in Section 10.1.

"Disclosure Schedule" means the Disclosure Schedule, dated as of the Effective Date, delivered to the Buyer by the Seller concurrently with the execution of this Agreement, and as may be updated with respect to any events that have occurred following the Effective Date and re-delivered to the Buyer by the Seller as of the Closing Date (provided that such updates shall be disregarded for purposes of Section 8.1(b)).

[***]

"Effective Date" is defined in the preamble.

"EMA" means the European Medicines Agency, or any successor agency thereto.

"European Union" means the countries of the European Union, as it is constituted on the date of this Agreement and as it may be modified from time to time after the date of this Agreement.

"Excluded Product" means any compound, molecule or other pharmaceutical product developed or licensed by the Seller or any of its Affiliates that is not a Product.

"Excluded Product Assets" means, collectively, the Seller's and its Affiliates' rights, title and interests in any Excluded Product (including all inventory, raw material and work in progress of such Excluded Product) and product rights related to Excluded Products (including, (a) any intellectual property rights, (b) regulatory filings, submissions and approvals with or from any regulatory authorities, including any clinical data thereunder, (c) any in-licenses, and (d) out-licenses, in each case, related to Excluded Products) owned, licensed or otherwise held by the Seller or any of its Affiliates and any proceeds thereof, including (i) all accounts receivable and payment intangibles resulting from the sale, license or other disposition of such Excluded Product by the Seller or its Affiliates, (ii) cash and cash equivalents to the extent traceable from such sale, license or deposition in the foregoing clause (i), and (iii) any deposit or securities accounts holding such cash and equivalents and/or proceeds of such accounts receivable and payment intangibles in the foregoing clauses (i) and (ii).

"Existing Agreements" means each Existing Contract Manufacturing Agreement and the Existing In-License.

"Existing Contract Manufacturing Agreements" means the agreements set forth on Exhibit E.

"Existing In-License" means the agreement set forth on Exhibit F.

"Existing Patent Rights" is defined in Section 4.9(a).

"Exploitation" means any and all activities directed to the research, development, importation, exportation, use, registration, modification, enhancement, improvement, optimization, seeking of Marketing Approvals and pricing and reimbursement approvals for, Commercialization, Manufacturing or other exploitation of a Product. "Exploit" shall mean to engage in Exploitation.

"FCPA" is defined in Section 4.16.

"FDA" means the U.S. Food and Drug Administration, or any successor agency thereto.

"FDA Approval" means the Marketing Approval by the FDA (which may be an Accelerated Approval) of a Biologics License Application (as defined in 21 C.F.R. § 601.2) of Tividenofusp Alfa indicated for patients with Hunter syndrome (Mucopolysaccharidosis II, MPS II).

"Full Marketing Approval" means full Marketing Approval (i.e., not an Accelerated Approval or any other abbreviated, tentative, interim, or conditional Marketing Approval) granted (a) by the FDA pursuant to 21 C.F.R. § 601.4 of a Biologics License Application (as defined in 42 U.S.C. § 262(a)) or (b) by the European Commission and Article 8(3) of Directive 2001/83/EC.

"GAAP" means generally accepted accounting principles in the United States as consistently applied by the applicable Related Party in accordance with its implemented accounting policies.

"Governmental Entity" means any: (a) nation, principality, republic, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, unit, body or other entity and any court, arbitrator or other tribunal); (d) multi-national organization or body; or (e) individual, body or other entity exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature.

"Gross Sales" is defined in the definition of "Net Sales".

"Indebtedness" means (a) any indebtedness for borrowed money, (b) any obligation evidenced by a note, bond, debenture or similar instrument, (c) any obligation to pay the deferred purchase price of property (other than, for the avoidance of doubt, trade accounts payables that arise in the ordinary course of business) including earnouts, seller notes, or other similar arrangements, (d) any obligations of others of the types described in the preceding clauses (a) through (c) secured by a Lien on any asset or (e) any guarantee of any of the foregoing. [***]

"Indemnified Party" is defined in Section 9.2.

"Indemnifying Party" is defined in Section 9.2.

"Initial Purchase Price" means two hundred million dollars ($200,000,000).

"In-License" means [***]

"In-Licensed Intellectual Property Rights" means all Intellectual Property Rights in-licensed by Seller or any of its Affiliates pursuant to an In-License.

"In-Licensed Patent Rights" means all Patent Rights in-licensed by Seller or any of its Affiliates pursuant to any In-License.

"Intellectual Property Rights" means any and all of the following owned or in-licensed by the Seller or its Affiliates or their respective Licensees, as they exist throughout the world at any time: (a) the Patent Rights; [***]

"Intellectual Property Updates" means [***]

"Judgment" means any judgment, order, writ, injunction, citation, award or decree of any nature.

"Know-How" means any and all proprietary or confidential information, know-how and trade secrets, including processes, formulae, models and techniques, rights in research in progress, algorithms, data, databases, data collections, chemical and biological materials (including any compounds, DNA, RNA, clones, vectors, cells and any expression product, progeny, derivatives or improvements thereto), and the results of experimentation and testing, and samples.

"Knowledge of the Seller" means the actual knowledge of [***] after reasonable due inquiry.

"Licensee" means any Third Party that is a counterparty to an Out-License or any downstream (sub)licensee of the Commercialization rights licensed to such Third Party under such Out-License. [***]

"Licensor" means a Third Party that is a party to any In-License.

"Lien" means any mortgage, lien, pledge, participation interest, charge, adverse claim, security interest, encumbrance or restriction of any kind, including any restriction on use, transfer or exercise of any other attribute of ownership of any kind, whether voluntarily incurred or arising by operation of law or otherwise.

"Logistics Agreement" means any agreement between the Seller or any of its Affiliates, on the one hand, and a Third Party acting solely as a Logistics Provider, on the other hand.

"Logistics Provider" means a Third Party that has the right, option or obligation to distribute, transport, warehouse, package, import, or provide similar logistics services with respect to a Product on behalf of a Related Party, but excluding a Wholesale Distributor or Licensee.

"Loss" means any and all Judgments, damages, losses, claims, costs, liabilities and expenses, including reasonable fees and out-of-pocket expenses of counsel.

"Major Markets" means [***]

"Manufacturer" means a Third Party that is a party to any Contract Manufacturing Agreement.

"Manufacturing" means manufacturing, production, formulating, processing, filling, finishing, quality control, quality assurance, stability testing, packaging, labeling, shipping, importing, storage and similar activities with respect to a Product (and components thereof or therefor) and regulatory compliance with respect to the foregoing. "Manufacture" shall mean to engage in Manufacturing. For clarity, "Manufacturing" excludes Commercialization activities.

"Market Capitalization" means an amount equal to the product of (a) the total number of issued and outstanding shares of equity interests of the Seller (or any successor entity) or any direct or indirect parent of the Seller on the date of determination (including on an as-converted basis any pre-funded warrants and convertible preferred stock, without regard to any applicable beneficial ownership limitations affecting exercise or conversion) and (b) the arithmetic mean of the closing prices per share of such equity interests for the [***] trading days immediately preceding the date of determination.

"Marketing Approval" means, with respect to any product, any and all approvals (including drug and/or device approval applications), licenses, registrations or authorizations sufficient to Commercialize such product in accordance with applicable laws, including, if required as a precondition to Commercialization, pricing or reimbursement approvals, in each case, excluding any emergency use or similar authorization.

"Material Adverse Effect" means [***]

"Modification" means, as to a particular contract, (i) any amendment, material waiver, or other substantive modification thereof, (ii) any material consent granted thereunder or (iii) any termination or assignment thereof (in whole or in part), including any of the foregoing effected through any side letter, novation, settlement agreement or other arrangement in any form entered into in connection with such contract. When used as a verb, "Modify" shall mean to effect a Modification.

"MPS II" means mucopolysaccharidosis II, or Hunter syndrome.

"Net Sales" means [***]

Net Sales shall be determined in U.S. dollars.

If the Seller, its Affiliates or any Licensee effects a sale, disposition, or transfer of a Product to a Third Party other than on customary commercial terms or for non-monetary consideration, the Net Sales of such Product to such Third Party shall be deemed to be [***]

Net Sales will not include [***]

Net Sales shall also include [***]

Net Sales [***]

"Other Product Transaction" is defined in Section 7.13(b).

"Out-License" means [***]

"Patent Right" means [***]

"Patents" means any and all patents and patent applications, including any continuation, continuation-in-part, division, provisional or any substitute applications, any patent issued with respect to any of the foregoing patent applications, any certificate, reissue, reexamination, renewal or patent term extension or adjustment (including any supplementary protection certificate) of any such patent or other governmental actions which extend any of the subject matter of a patent, and any substitution patent, confirmation patent or registration patent or patent of addition based on any such patent, and all foreign counterparts of any of the foregoing.

"PDUFA Date" means the Prescription Drug User Fee Act (PDUFA) goal date for Tividenofusp Alfa, which is currently April 5, 2026.

[***]

"Person" means any individual, firm, corporation, company, partnership, limited liability company, trust, joint venture, association, estate, trust, Governmental Entity or other entity, enterprise, association or organization.

"Phase 1/2 Extension Trial" means the Clinical Trial entitled "*A Phase 1/2, Multicenter, Open-Label Study to Determine the Safety, Pharmacokinetics, and Pharmacodynamics of DNL310 in Pediatric Participants With Hunter Syndrome*", clinicaltrials.gov identifier # NCT04251026.

"Phase 3 Clinical Trial" means a Clinical Trial that incorporates accepted endpoints for confirmation of safety and statistical significance of efficacy with the aim to generate data and results that can be submitted to obtain Marketing Approval as described in 21 C.F.R. 312.21(c), or a comparable Clinical Trial prescribed by the relevant Regulatory Authority in a country other than the United States.

"Platform Lien" is defined in Section 2.4.

"Positive Data Readout" means, [***]

"Prime Rate" means the prime rate published by The Wall Street Journal, from time to time, as the prime rate.

"Product" means: (a) Tividenofusp Alfa, (b) any product containing Tividenofusp Alfa as an active ingredient [***]

"Product IP Rights" means: (a) the Product Patents, [***] (d) rights in all Know-How related to any Product and necessary or actually used for the Exploitation of any Product; (e) claims of infringement and misappropriation against Third Parties relating to any of the foregoing ((a)-(d)).

"Product Patents" means [***]

"Product Rights" means any and all of the following: (a) Product IP Rights, (b) regulatory filings, submissions and approvals, including Marketing Approvals, with or from any Regulatory Authorities related to any of the Products, (c) In-Licenses, (d) Out-Licenses and (e) Contract Manufacturing Agreements.

[***]

"Purchase Price" is defined in Section 2.2.

"Quarterly Report" is defined in Section 7.2(a).

"Receiving Party" is defined in Section 10.1.

[***]

"Regulatory Action" means an administrative or regulatory enforcement action, proceeding or investigation, settlement agreement, corporate integrity agreement, deferred or non-prosecution agreement, warning letter, untitled letter, Form 483 or similar inspectional observations, civil investigative demand, subpoena, other notice of violation letter, recall, seizure, Section 305 notice or other similar written communication, or consent decree, issued or required by the FDA, the U.S. Department of Health and Human Services or its departments thereunder, or under the Public Health Laws, or a comparable Governmental Entity in any other regulatory jurisdiction.

"Regulatory Authority" means any Governmental Entity, including the FDA and the EMA, which has responsibility in granting a Marketing Approval.

"Regulatory Updates" means [***]

"Related Party" means each of the Seller, its Affiliates, and their respective Licensees, as applicable.

"Representative" means, with respect to any Person, (a) any direct or indirect member or partner of such Person and (b) any manager, director, trustee, officer, employee, agent, advisor or other representative (including attorneys, accountants, consultants, contractors, actual and potential lenders, investors, co-investors and assignees, bankers and financial advisers) of such Person.

"Revenue Milestone" means the first occurrence of net sales of the Products [***]

"Revenue Participation Right" means the right to receive payment in full of all Revenue Payments, and an undivided ownership interest in all accounts (as defined in the UCC), general intangibles (as defined in the UCC), payment intangibles (as defined in the UCC) and all other rights to payment on account of sales of or revenues generated from any and all Products, and all proceeds thereof, in an amount equal to all Revenue Payments payable under this Agreement.

"Revenue Payment" means for each Calendar Quarter during which there is any Net Sales, an amount payable to the Buyer equal to the product of [***]

"Revenue Report" is defined in Section 7.3(c).

[***]

"Safety Event" means a determination by the Seller's drug safety committee (or the equivalent), acting in good faith and in accordance with its charter, a Regulatory Authority or a data monitoring review board (or similar entity) that a Product presents a risk of death, a life-threatening condition or other safety concern, in each case, to patients, such that such Product should not continue to be administered to patients.

"Safety Notices" means any recalls, market withdrawals, "dear doctor" letters, or other material notices of action relating to an alleged lack of safety or regulatory compliance of or with respect to a Product.

"Secured Lender" is defined in the definition of "Customary Intercreditor Agreement".

"Seller" is defined in the preamble.

"Seller Indemnified Parties" is defined in Section 9.1(b).

"Tax" or "Taxes" means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, abandoned property, value added, alternative or add-on minimum, estimated or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

"Third Party" means any Person that is not the Seller or an Affiliate of the Seller.

"Tividenofusp Alfa" means the product candidate identified by the Seller as DNL310, ETV:IDS or tividenofusp alfa and having the structure and sequences set forth in Exhibit D hereto [***]

"Tivi BLA" is defined in Section 7.1(b)(iv).

"Transaction Documents" means this Agreement, the Bill of Sale and any certificate or other document delivered hereunder or thereunder.

"TV Platform Assets" means any Intellectual Property Rights owned or controlled by the Seller or its Affiliates [***]

"UCC" means the Uniform Commercial Code in the State of New York; provided, that, if with respect to any financing statement or by reason of any provisions of law, the perfection, priority or the effect of perfection, priority or non-perfection of the security interests granted to the Administrative Agent pursuant to this Agreement or any related document is governed by the Uniform Commercial Code in a jurisdiction of the United States other than New York, then "UCC" means the Uniform Commercial Code in such other jurisdiction for purposes of the provisions of this Agreement, any related document and any financing statement relating to such perfection, priority or effect of perfection, priority or non-perfection.

"United States" means the United States of America, including its territories and possessions.

"Wholesale Distributor" means a non-Related Party wholesale distributor of a Product that is not required to provide consideration to a Related Party based on the value of, or otherwise attributable to, the subsequent sale of such Product by or on behalf of such distributor. For purposes of this Agreement, a non-Related Party who undertakes or conducts promotional activities of a Product is not a Wholesale Distributor.

"Withholding Action" means, with respect to a party receiving a payment pursuant to this Agreement, [***]

Section 1.2 Certain Interpretations. Except where expressly stated otherwise in this Agreement, the following rules of interpretation apply to this Agreement:

(a) "either" and "or" are not exclusive and "include," "includes" and "including" are not limiting and shall be deemed to be followed by the words "without limitation";

(b) "extent" in the phrase "to the extent" means the degree to which a subject or other thing extends, and such phrase does not mean simply "if";

(c) "hereof," "hereto," "herein" and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement;

(d) references to a Person are also to its permitted successors and assigns, and references to a Governmental Entity are also to its succeeding governing entity in the relevant jurisdiction;

(e) definitions are applicable to the singular as well as the plural forms of such terms;

(f) references to an "Article", "Section" or "Exhibit" refer to an Article or Section of, or an Exhibit to, this Agreement, references to a "Schedule" refer to the corresponding part of the Disclosure Schedule, and references to the Transaction Documents refer to any certificates, notices, schedules, exhibits, annexes or other documents or instruments delivered in connection with the Transaction Documents;

(g) provisions referring to matters that would or could have, or would or could reasonably be expected to have, or similar phrases, shall be deemed to have such result or expectation with or without the giving of notice or the passage of time, or both;

(h) accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement or any related document shall be prepared in conformity with GAAP;

(i) [***]

(j) references to a law include any amendment or modification to such law and any rules and regulations issued thereunder, whether such amendment or modification is made, or issuance of such rules and regulations occurs, before or after the date of this Agreement; and

(k) references to "$" or otherwise to dollar amounts refer to the lawful currency of the United States.

Section 1.3 Headings. The table of contents and the descriptive headings of the several Articles and Sections of this Agreement and the Exhibits and Schedules are for convenience only, do not constitute a part of this Agreement and shall not control or affect, in any way, the meaning or interpretation of this Agreement.

ARTICLE 2
PURCHASE, SALE AND ASSIGNMENT OF THE REVENUE PARTICIPATION RIGHT

Section 2.1 Purchase, Sale and Assignment. On the Closing Date and upon the terms and subject to the conditions of this Agreement, the Seller shall sell, transfer, assign and convey to the Buyer, and the Buyer shall purchase, acquire and accept from the Seller, the Revenue Participation Right free and clear of all Liens. From and after the Closing Date, the Seller relinquishes all of the Seller's and its Affiliates' right, title and interest in and to the Revenue Participation Right, and all such right, title and interest shall vest in the Buyer. In addition, the Seller hereby agrees to pay to the Buyer the Revenue Payments on the terms and conditions set forth herein.

Section 2.2 Purchase Price. The purchase price for the Revenue Participation Right shall consist of the Initial Purchase Price and, if payable hereunder, the Additional Purchase Price (together, the "Purchase Price").

Section 2.3 No Assumed Obligations, Etc. Notwithstanding any provision in this Agreement to the contrary, the Buyer is, on the terms and conditions set forth in this Agreement, only purchasing, acquiring and accepting the Revenue Participation Right and is not assuming any liability or obligation of the Seller or its Affiliates of whatever nature, whether presently in existence or arising or asserted hereafter.

Section 2.4 True Sale. It is the intention of the parties hereto that the sale, transfer, assignment and conveyance of the Revenue Participation Right contemplated by this Agreement be, and is, a true, complete, absolute and irrevocable sale, transfer, assignment and conveyance by the Seller to the Buyer of all of the Seller's rights, title and interests in and to the Revenue Participation Right. Neither the Seller nor the Buyer intends the transactions contemplated by this Agreement to be, or for any purpose characterized as, a loan from the Buyer to the Seller, a pledge, a financing transaction or a borrowing. It is the intention of the parties hereto that the beneficial interest in and title to the Revenue Participation Right and any "proceeds" (as such term is defined in the UCC) thereof shall not be part of the Seller's estate in the event of the filing of a petition by or against the Seller or any of its Affiliates under any Bankruptcy Laws. The Seller hereby waives, to the maximum extent permitted by applicable law, any right to contest or otherwise assert that the sale contemplated by this Agreement does not constitute a true, complete, absolute and irrevocable sale, transfer, assignment and conveyance by the Seller to the Buyer of all of the Seller's right, title and interest in and to the Revenue Participation Right under applicable laws, which waiver shall, to the maximum extent permitted by applicable laws, be enforceable against the Seller and its Affiliates in any bankruptcy or insolvency proceeding relating to the Seller or any of its Affiliates. [***]

ARTICLE 3
CLOSING; PAYMENT OF PURCHASE PRICE

Section 3.1 Closing. Subject to the satisfaction (or waiver by the party so entitled to waive) of the conditions set forth in ARTICLE 8, the Closing shall take place remotely via the exchange of documents and signatures within [***] Days following the FDA Approval (the "Closing Date").

Section 3.2 Payment of Initial Purchase Price. On the Closing Date, the Buyer shall pay to the Seller the Initial Purchase Price by wire transfer of immediately available funds to the account specified on Exhibit A.

Section 3.3 Bill of Sale. On the Closing Date, upon confirmation of the receipt of the Initial Purchase Price, the Seller shall deliver to the Buyer a duly executed bill of sale evidencing the sale, transfer, assignment and conveyance of the Revenue Participation Right in the form attached hereto as Exhibit B (the "Bill of Sale").

Section 3.4 Additional Purchase Price Payment. The Seller shall promptly (and, in any event, within [***] Days) notify the Buyer upon receipt of the first Full Marketing Approval of Tividenofusp Alfa by the EMA that occurs following the occurrence of the Closing and on or prior to December 31, 2029 (the "Additional Purchase Price Payment Triggering Event"). As long as the Seller is in material compliance with its obligations under this Agreement, the Buyer shall make the one-time payment of the Additional Purchase Price (the "Additional Purchase Price Payment") to the Seller to the account specified by the Seller on Exhibit A (or such other account as specified by the Seller in a writing delivered to the Buyer in accordance with Section 12.1 of this Agreement) within [***] following the Buyer's receipt of such notice.

[***]

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE SELLER

Except as set forth on the Disclosure Schedule, the Seller represents and warrants to the Buyer as of the Effective Date and the Closing Date as follows:

Section 4.1 Existence; Good Standing. The Seller is a corporation, duly organized, validly existing and in good standing under the laws of Delaware. Each of the Seller and its Affiliates is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned, leased or operated by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified and in good standing has not and would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Section 4.2 Authorization. The Seller has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of the Seller.

Section 4.3 Enforceability. This Agreement has been duly executed and delivered by an authorized officer of the Seller and constitutes the valid and legally binding obligation of the Seller, enforceable against the Seller in accordance with its terms, except as may be limited by applicable Bankruptcy Laws or by general principles of equity (whether considered in a proceeding in equity or at law).

Section 4.4 No Conflicts. The execution, delivery and performance by the Seller of this Agreement and the consummation of the transactions contemplated hereby do not and will not (a) contravene or conflict with the organizational documents of the Seller or its Affiliates, (b) contravene or conflict with or constitute a material default under any law binding upon or applicable to the Seller, its Affiliates or the Revenue Participation Right, (c) contravene or conflict with or constitute a default under the Existing In-License or (d) contravene or conflict with or constitute a material default under any other material agreement or any Judgment binding upon or applicable to the Seller, any of its Affiliates or the Revenue Participation Right.

Section 4.5 Consents. Except for any filings required by the federal securities laws or stock exchange rules, no consent, approval, license, order, authorization, registration, declaration or filing with or of any Governmental Entity or other Person is required to be done or obtained by the Seller or any of its Affiliates in connection with (a) the execution and delivery by the Seller of this Agreement, (b) the performance by the Seller of its obligations under this Agreement or (c) the consummation by the Seller of any of the transactions contemplated by this Agreement.

Section 4.6 No Litigation. Neither the Seller nor any of its Affiliates is a party to, and none has received any written notice of, any action, claim, suit, investigation or proceeding pending before any Governmental Entity and, to the Knowledge of the Seller, no such action, claim, suit, investigation or proceeding has been threatened against the Seller or any of its Affiliates, that, either individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

Section 4.7 Compliance.

(a) All applications, submissions, information and data related to any Product submitted or utilized as the basis for any request to any Regulatory Authority by or on behalf of the Seller or any of its Affiliates were true and correct in all material respects as of the date of such submission or request, and any material updates, changes, corrections or modification to such applications, submissions, information or data required under applicable laws or regulations have been submitted to the necessary Regulatory Authorities, except to the extent that failure to make any such updates, changes, corrections or modification would not reasonably be expected to result in a Material Adverse Effect.

(b) The Seller has provided to the Buyer prior to the Effective Date in the Data Room available to the Buyer true, correct and complete copies of all material communications [***] that directly relate to the Exploitation of any Product [***] in connection with the Seller's Biologic License Application related to Tividenofusp Alfa), sent to or received from any Regulatory Authorities by the Seller or any of the Seller's Affiliates.

(c) Neither the Seller nor any of its Affiliates has committed any act, made any statement or failed to make any statement in respect of a Product that would reasonably be expected to provide a basis for the FDA to invoke its policy with respect to "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities", or any other Governmental Entity to invoke similar policies, set forth in any applicable laws or regulations.

(d) [***] (i) the Seller has not received any Safety Notices, (ii) to the Knowledge of the Seller, there are no unresolved material product complaints with respect to any Product, which would result in a Material Adverse Effect and (iii) to the Knowledge of the Seller, there are no facts currently in existence that would, individually or in the aggregate, reasonably be expected to result in (1) a material Safety Notice with respect to any Product, or (2) a material change in the anticipated labeling of any Product. The Seller and its Affiliates have not experienced any significant failures in the Manufacturing of a Product that have not been resolved, or that would, individually or in the aggregate, have had or would reasonably be expected to result in, if such failure occurred again, a Material Adverse Effect.

(e) The Seller and its Affiliates are, and have been, in compliance with all applicable laws administered or issued by the FDA or any similar Regulatory Authority in the Major Markets, including the Federal Food, Drug, and Cosmetic Act, the Public Health Service Act, applicable requirements in FDA regulations, and any orders issued by FDA or similar Regulatory Authorities in each such jurisdiction, and all other laws regarding ownership, developing, testing, Manufacturing, disposal, Commercializing, and complaint handling or adverse event reporting for the products of the Seller or its Affiliates, except to the extent that such failure to comply with such applicable laws would not reasonably be expected to result in a Material Adverse Effect.

<u>Section 4.8</u> <u>Licenses and Other Agreements.</u>

(a) <u>Existing Agreements</u>. Other than the Existing In-License, there are no In-Licenses currently in effect or contemplated. [***]

(b) <u>Validity and Enforceability of Existing Agreements</u>. Each Existing Agreement is a valid and binding obligation of the parties thereto and enforceable against the parties thereto in accordance with their terms, except as may be limited by applicable Bankruptcy Laws or by general principles of equity (whether considered in a proceeding in equity or at law). Neither the Seller nor any of its Affiliates has received any written notice in connection with any Existing Agreement challenging the validity, enforceability or interpretation of any provision of such Existing Agreement.

(c) <u>No Termination of Existing Agreements</u>. Neither the Seller nor any of its Affiliates has (1) given notice to a counterparty of the termination of any Existing Agreement (whether in whole or in part) or expressed any intention or desire to terminate such Existing Agreement, or (2) received from a counterparty thereto any notice of termination of any Existing Agreement (whether in whole or in part) or any communications from a counterparty thereto expressing any intention or desire to terminate such Existing Agreement.

(d) <u>No Breaches or Defaults of Existing Agreements</u>. There is no material breach or default under any provision of any Existing Agreement either by the Seller or any of its Affiliates or, to the Knowledge of the Seller, by the counterparty (or any predecessor thereof) thereto. To the Knowledge of the Seller, there is no event that would reasonably be expected to give rise to any such breach or default by the Seller or any of its Affiliates or the counterparty thereto. There is no action, claim, suit, proceeding or other dispute (including any indemnification claim) pending or, to the Knowledge of the Seller, threatened between Seller or any of its Affiliates, on the one hand, and any counterparty to any Existing Agreement, on the other hand, arising out of or relating to any existing or prior agreement between such parties.

(e) No Assignments of Existing Agreements. Neither the Seller nor any of its Affiliates has assigned, or consented to any assignment by the counterparty to any Existing Agreement of, any rights or obligations under such agreement, and no such counterparty has provided written notice to the Seller or any of its Affiliates that such counterparty has assigned any of its rights or obligations under any such agreement to any Person and, to the Knowledge of the Seller, no such counterparty has assigned any of its material rights or obligations under such agreement to any Person.

(f) No Royalties under Existing Agreements. Neither the Seller nor any of its Affiliates is obligated to pay, and no counterparty to any Existing Agreement is entitled to receive, any royalty or other ongoing sales-based percentage payment calculated by reference to net sales (or revenues) of any Product.

(g) No Governmental Contracts. Neither the Seller nor any of its Affiliates is a party to any agreement or other arrangement with any Governmental Entity, or any other agreement or arrangement that grants any Third Party any step-in or similar rights relating to any Product.

Section 4.9 Intellectual Property.

(a) Schedule 4.9(a) of the Disclosure Schedule lists all of the currently existing Patents included within the Patent Rights ("Existing Patent Rights"). Except as set forth on Schedule 4.9(a) of the Disclosure Schedule, the Seller is the sole and exclusive registered owner of all of the Existing Patent Rights. Schedule 4.9(a) of the Disclosure Schedule specifies the respective patent or patent application numbers as to each listed Patent or patent application within the Existing Patent Rights. Schedule 4.9(a) of the Disclosure Schedule specifies any Person other than the Seller owning or having an interest in any Existing Patent Right, including the nature of such interest.

(b) None of the Seller nor any of its Affiliates is a party to any pending, and, to the Knowledge of the Seller, there is no threatened, litigation, interference, reexamination, post-grant proceeding, opposition or like procedure or proceeding involving any of the Existing Patent Rights.

(c) All of the issued Patents within the Existing Patent Rights are in full force and effect, have not lapsed, expired or otherwise terminated, and, to the Knowledge of the Seller, are valid and enforceable. None of the Seller nor any of its Affiliates or, to the Knowledge of the Seller, Licensors, has received any written notice relating to the lapse, expiration (other than on its term) or other termination of any of the issued patents within the Existing Patent Rights from a patent office or other similar Governmental Entity. None of the Seller nor any of its Affiliates or, to the Knowledge of the Seller, Licensors, has received any written notice or written legal opinion that alleges that any issued Patent within any of the Existing Patent Rights is invalid or unenforceable.

(d) None of the Seller nor any of its Affiliates or, to the Knowledge of the Seller, Licensors, has received any written notice that there is any, and, to the Knowledge of the Seller, there is no, Person who is or claims to be an inventor under any of the Existing Patent Rights who is not a named inventor thereof or claims to be an owner of any other existing Intellectual Property Rights.

(e) The Seller or its Affiliate and, to the Knowledge of the Seller, Licensors, has paid all maintenance fees, annuities and like payments required with respect to all of the Existing Patent Rights, except in the exercise of normal prosecution practices or reasonable business judgment.

(f) To the Knowledge of the Seller, (i) the Exploitation of each Product has not infringed, misappropriated or otherwise violated, and will not infringe, misappropriate or otherwise violate, any Patent or other intellectual property rights of any Third Party and (ii) no Person is infringing, misappropriating or otherwise violating, or threatening to infringe, misappropriate or otherwise violate, any Existing Patent Rights or other existing Intellectual Property Rights, in each case ((i) and (ii)) without reference to any safe harbor, and evaluating all pending Patent claims as issued.

Section 4.10 Manufacturing; Supplies. [***] neither the Seller nor any of its Affiliates has experienced any significant failure in the Manufacturing of any Product that, individually or in the aggregate, has had or would reasonably be expected to result in, a Material Adverse Effect. [***]

Section 4.11 Tividenofusp Alfa Launch Price. [***]

Section 4.12 Title to Revenue Participation Right; No Liens. The Seller holds all rights, interests and title necessary to sell, transfer, assign and convey the Revenue Participation Right to the Buyer. From and after the Closing Date, the Buyer will have acquired, subject to the terms and conditions set forth in this Agreement, good and marketable title to the Revenue Participation Right and corresponding Revenue Payments and the "proceeds" (as defined in the UCC) of the foregoing, in each case free and clear of all Liens (other than the Back-Up Security Interest, which shall be a first priority Lien). Except as set forth in Section 4.12 of the Disclosure Schedule, none of the property or assets of the Seller or any of its Affiliates (other than the Revenue Participation Right and corresponding Revenue Payments and the "proceeds" (as defined in the UCC) of the foregoing, which are covered by the immediately preceding sentence) is subject to, or encumbered by, any Lien (other than the Buyer's Back-Up Security Interest). [***]

Section 4.13 Indebtedness. Schedule 4.13 of the Disclosure Schedule sets forth a complete list of the outstanding Indebtedness of, or incurred by, the Seller and its Affiliates.

Section 4.14 Lien Related Representations and Warranties. The Seller's exact legal name (as defined in Section 9-503 of the UCC) is, and since inception has been, "Denali Therapeutics Inc." The Seller is, and since inception has been, a corporation and incorporated in Delaware. The Seller's chief executive office is (and has been since at least March 12, 2019) located at 161 Oyster Point Blvd., South San Francisco, California 94080.

Section 4.15 Brokers' Fees. There is no investment banker, broker, finder, financial advisor or other intermediary who has been retained by or is authorized to act on behalf of the Seller or any of its Affiliate who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

Section 4.16 Foreign Corrupt Practices Act. None of the Seller or its Affiliates nor, to the Knowledge of the Seller, any of its or their directors, officers, employees or agents have, directly or indirectly, made, offered, promised or authorized any payment or gift of any money or anything of value to or for the benefit of any "foreign official" (as such term is defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA")), foreign political party or official thereof or candidate for foreign political office for the purpose of (a) influencing any official act or decision of such official, party or candidate, (b) inducing such official, party or candidate to use his, her or its influence to affect any act or decision of a foreign governmental authority, or (c) securing any improper advantage, in the case of (a), (b) and (c) above in order to assist the Seller or any of its Affiliates in obtaining or retaining business for or with, or directing business to, any person. None of the Seller or any of its Affiliates nor, to the Knowledge of the Seller, any of its or their directors, officers, employees or agents have made or authorized any bribe, rebate, payoff, influence payment, kickback or other unlawful payment of funds or received or retained any funds in violation of any law, rule or regulation. The Seller further represents that it has maintained, and has caused each of its Affiliates to maintain, systems of internal controls (including, but not limited to, accounting systems, purchasing systems and billing systems) and written policies designed to ensure compliance with the FCPA or any other applicable anti-bribery or anti-corruption law. To the Knowledge of the Seller, neither the Seller nor any of its Affiliates or its or their officers, directors or employees are the subject of any allegation, voluntary disclosure, investigation, prosecution or other enforcement action related to the FCPA or any other anti-corruption law.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer hereby represents and warrants to the Seller as of the Effective Date and the Closing Date as follows:

Section 5.1 Existence; Good Standing. The Buyer is an Irish collective asset-management vehicle duly organized, validly existing and in good standing under the laws of Ireland. The Buyer is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned, leased or operated by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified and in good standing has not and would not reasonably be expected to have, either individually or in the aggregate, a material adverse effect on the Buyer.

Section 5.2 Authorization. The Buyer has the requisite right, power and authority to execute, deliver and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary action on the part of the Buyer.

Section 5.3 Enforceability. This Agreement has been duly executed and delivered by an authorized person of the Buyer and constitutes the valid and legally binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms, except as may be limited by applicable Bankruptcy Laws or by general principles of equity (whether considered in a proceeding in equity or at law).

Section 5.4 No Conflicts. The execution, delivery and performance by the Buyer of this Agreement and the consummation of the transaction contemplated hereby do not and will not (a) contravene or conflict with the organizational documents of the Buyer, (b) contravene or conflict with or constitute a material default under any material provision of any law binding upon or applicable to the Buyer or (c) contravene or conflict with or constitute a material default under any material contract or Judgment binding upon or applicable to the Buyer.

Section 5.5 Consents. Except for the filing of financial statement(s) in accordance with Section 2.4 or any filings required by the federal securities laws or stock exchange rules, no consent, approval, license, order, authorization, registration, declaration or filing with or of any Governmental Entity or other Person is required to be done or obtained by the Buyer in connection with (a) the execution and delivery by the Buyer of this Agreement, (b) the performance by the Buyer of its obligations under this Agreement or (c) the consummation by the Buyer of any of the transactions contemplated by this Agreement.

Section 5.6 No Litigation. There is no action, claim, suit, investigation or proceeding pending or, to the knowledge of the Buyer, threatened before any Governmental Entity to which the Buyer is a party that would reasonably be expected to prevent or materially and adversely affect the ability of the Buyer to perform its obligations under this Agreement.

Section 5.7 Financing. The Buyer will have sufficient cash, or access to sufficient immediately available cash under committed credit facilities, to pay the Initial Purchase Price at the Closing and the Additional Purchase Price contemplated by Section 3.4. if and when due hereunder. The Buyer acknowledges that its obligations under this Agreement are not contingent on obtaining financing.

Section 5.8 Brokers' Fees. There is no investment banker, broker, finder, financial advisor or other intermediary who has been retained by or is authorized to act on behalf of the Buyer who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

ARTICLE 6
NO OTHER REPRESENTATIONS AND WARRANTIES.

EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN ANY TRANSACTION DOCUMENT, NONE OF THE PARTIES HERETO MAKES ANY REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR ANY

WARRANTY AS TO THE VALIDITY OF ANY PATENT RIGHTS OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

ARTICLE 7
COVENANTS

Section 7.1 Seller Diligence Requirements.[***]

Section 7.2 Reporting.

(a) From and after the Effective Date, the Seller shall provide the Buyer promptly following the end of each Calendar Quarter, but in any event no later than [***] days after the end of such Calendar Quarter, a reasonably detailed report (the "Quarterly Report") setting forth, [***]

(b) In addition to the information provided in the Quarterly Report, the Seller shall:

(i) provide the Buyer with a draft of any press release or other public disclosure containing [***]

(ii) provide the Buyer with (x) prompt (and in any event within [***] Days) written notice of [***]

(iii) provide the Buyer with such additional information related to the Products as the Buyer may reasonably request from time to time.

(c) The Seller may use copies of internal presentations or reports and copies of presentations or reports received by the Seller from any Third Party, or portions thereof to satisfy its reporting obligations under this Section 7.2. No reports or information provided in response to this Section 7.2 will include any personally identifiable data or other information that can be attributed to a specific individual without the use of additional information.

Section 7.3 Revenue Payments; Revenue Payment Details.

(a) Following the Closing the Seller shall pay to the Buyer each Revenue Payment promptly, but in any event no later than [***] days after the end of the Calendar Quarter in respect of which such Revenue Payment is payable.

(b) The parties shall make all payments required to be made pursuant to this Agreement in U.S. dollars by wire transfer of immediately available funds to the bank account designated in writing by the other party, without set-off, reduction or deduction, or withholding for or on account of any Taxes. The parties acknowledge and agree that no Taxes are expected to be deducted or withheld, and have no current intention to deduct or withhold Taxes, from any payments pursuant to this Agreement under applicable law; provided that (i) the Buyer has delivered to the Seller the form described in Section 8.2(c) on or before the Closing Date, and thereafter upon reasonable request by Seller, and (ii) the Seller has delivered to the Buyer the form described in Section 8.1(h) on or before the Closing Date, and thereafter upon reasonable request by Buyer. Notwithstanding the foregoing, if, as a result of (A) a failure to deliver or reasonably update the documentation described in Section 8.1(h) or Section 8.2(c), (B) a change in applicable law after the Effective Date, (C) a Withholding Action, or (D) a final "determination" (within the meaning of section 1313(a) of the U.S. Internal Revenue Code of 1986, as amended) that is inconsistent with the parties' expectation on withholding, a payor party is required to deduct or withhold Taxes from any payments to a payee party under applicable law pursuant to this Agreement, the payor party shall give the payee party prompt notification and reasonable opportunity to provide any certifications, applications, or other documentation necessary to, and shall reasonably cooperate with the payee party in good faith in order to eliminate or mitigate such withholding, as applicable, before making such payments and withholding any Taxes that it is required by applicable law to deduct or withhold, and any amounts that are so deducted and withheld shall be treated for purposes of this Agreement as having been paid to the applicable Person in respect of which such deduction or withholding was made.

(c) For each Revenue Payment payable, the Seller shall provide the Buyer promptly following the end of the Calendar Quarter in respect of which such Revenue Payment is payable, but in any event no later than [***] days after the end of such Calendar Quarter, a report (a "Revenue Report") [***]

Section 7.4 Inspections and Audits of the Seller.

(a) Upon reasonable prior written notice and during normal business hours, the Buyer may cause an inspection and/or audit, by an independent public accounting firm reasonably acceptable to the Seller, the Buyer and such independent public accounting firm (subject to entry into a customary confidentiality agreement between the Seller and such accounting firm), of the Seller's and its Affiliates' books of account, for the sole purpose of determining the correctness of the Revenue Payments made under this Agreement. Any such audit shall be limited to Revenue Payments made (or required to be made) during the period commencing no earlier than January 1st of the third (3rd) full Calendar Year preceding the date of Buyer's audit notice, and Buyer shall have no right to audit or challenge Revenue Payments for any earlier periods.

(b) Any such inspection and/or audit shall be permitted with respect to the Revenue Payments no more frequently than [***] upon the Buyer's request, the Seller and its Affiliates shall exercise any rights it may have under any Out-License to cause an inspection and/or audit by an independent public accounting firm to be made of the books of account of the applicable Licensee for the purpose of determining the correctness of the Revenue Payments made under this Agreement.

(c) All of the expenses of any inspection or audit requested by the Buyer hereunder (including the fees and expenses of such independent public accounting firm designated for such purpose) shall be borne (i) by the Buyer, if the independent public accounting firm determines that the Revenue Payments previously paid were deficient by an amount less than or equal to [***] of the Revenue Payments actually paid or (ii) otherwise, by the Seller. Any such independent public accounting firm shall not disclose to the Buyer the confidential information of the Seller or any of its Affiliates or their respective Licensees, except to the extent such disclosure is either necessary to determine the correctness of a Revenue Payment or otherwise would be provided pursuant this Agreement, including in a Quarterly Report or Revenue Report. All information obtained by the Buyer as a result of any such inspection or audit shall be Confidential Information subject to ARTICLE 10.

(d) Notwithstanding the foregoing, in the event Seller disputes any of the inspection or audit results of Section 7.4(a), the parties shall work in good faith to resolve the dispute. If the parties are unable to reach a mutually acceptable resolution of any such dispute within [***] days, the dispute shall be submitted for resolution to an independent certified public accounting firm jointly selected by each party's certified public accountants or to such other Person as the parties shall mutually agree (the "Audit Arbitrator"). The decision of Audit Arbitrator shall be final, and the costs of such arbitration as well as the initial audit shall be borne between the parties consistent with Section 7.4(c).

(e) Not later than [***] after Buyer's receipt of the audit results or the decision of the Audit Arbitrator (and in accordance with such decision), as applicable, the Seller shall pay the additional amounts, with interest from the date originally due in accordance with Section 7.12, or the Buyer shall reimburse the excess payments, as applicable.

Section 7.5 Intellectual Property Matters.

(a) Third Party Infringement Notice. The Seller shall provide to the Buyer a copy of any written notice received, directly or indirectly, by any Related Party or Manufacturer from any Third Party alleging or claiming that any Exploitation of any Product infringes, misappropriates or otherwise violates any Patents or other intellectual property rights of such or any other Third Party, together with copies of material correspondence sent or received by any Related Party or Manufacturer related thereto, as soon as practicable and in any event not more than [***] Days following such delivery or receipt. In the event that the Seller determines, on the advice of outside counsel, that any of the foregoing correspondence is covered by attorney/client privilege, the Seller will notify the Buyer of such privilege and will, instead, provide the Buyer with a summary of all such material correspondence or otherwise use commercially reasonably efforts to provide such correspondence, including by entering into a common interest agreement or similar agreement as appropriate.

(b) Enforcement and Defense Notice. The Seller shall promptly inform the Buyer of any infringement, misappropriation, or violation by a Third Party of any Patent Right or other Intellectual Property Right, or of the receipt of any written notice from a Third Party alleging that any Patent Right or other Intellectual Property Right is invalid or unenforceable. Without limiting the foregoing, the Seller shall provide to the Buyer a copy of any written notice of any suspected infringement, misappropriation, violation, invalidity, or unenforceability of any Patent Rights or other Intellectual Property Rights delivered or received by any Related Party, as well as copies of material correspondence related thereto, as soon as practicable and in any event not more than [***] Days following such delivery or receipt. In the event that the Seller determines, on the advice of outside counsel, that any of the foregoing correspondence is covered by attorney/client privilege, the Seller will notify the Buyer of such privilege and will, instead, provide the Buyer with a summary of all such material correspondence or otherwise use commercially reasonably efforts to provide such correspondence, including by entering into a common interest agreement or similar agreement as appropriate.

(c) Enforcement and Defense Actions. [***]

(d) Recovery. If the Seller or any of its Affiliates or any Licensee recovers or receives monetary damages from a Third Party, where such damages, whether in the form of judgment or settlement, result from the misappropriation, infringement, or other violation of any of the Patent Rights or other Intellectual Property Rights, such recovery will be allocated first to the reimbursement of any expenses incurred by the Seller or its Affiliates or Licensees in bringing such action (including all reasonable attorneys' fees) and not otherwise reimbursed (by a Licensee or otherwise), [***]

(e) Prosecution. The Seller shall, or shall cause another Related Party to, use Commercially Reasonable Efforts to file, prosecute, and maintain in the Major Markets all Patent Rights other than the In-Licensed Patent Rights for which a Licensor is responsible for enforcement or defense in accordance with the terms of the applicable In-License. The Seller shall use reasonable efforts to ensure that applicable Licensor diligently files, prosecutes and maintains all such In-Licensed Patent Rights in the Major Markets.

Section 7.6 In-Licenses.

(a) The Seller shall promptly (and in any event within [***] Days) provide the Buyer with (i) executed copies of any In-License, (ii) executed copies of each material Modification of any In-License and (iii) [***]

(b) The Seller shall, or shall cause its Affiliates (as applicable) to, comply in all material respects with its and their obligations under each In-License and shall not take any action or forego any action that would reasonably be expected to result in a material breach thereof. Promptly, and in any event within [***], after receipt of any (written or oral) notice from the applicable Licensor or any of its Affiliates of an alleged material breach under any In-License by Seller or its Affiliates, the Seller shall provide the Buyer with a copy (or, in the case of an oral notice, reasonably detailed summary) thereof. The Seller shall, or shall cause its Affiliates (as applicable) to, use its or their Commercially Reasonable Efforts to cure any material breaches by it under such In-License and shall give written notice to the Buyer upon curing any such breach.

(c) The Seller shall provide the Buyer with written notice following the Seller or any of its Affiliates becoming aware of a Licensor's material breach of its obligations under any In-License. Promptly, and in any event within [***] Days following the Seller's or its Affiliate's notice to a Licensor of an alleged material breach by such Licensor under any such In-License, the Seller shall provide the Buyer with a copy thereof (subject to any confidentiality requirements thereunder existing as of the Effective Date (in which case versions of such documents redacted to the extent necessary (in the reasonable determination of the Seller) for the Seller to comply with such confidentiality requirements shall be provided).

(d) The Seller shall not, and shall cause its Affiliates not to, Modify any In-License if such Modification would (whether alone or in combination with any other Modifications) reasonably be expected to result in a Material Adverse Effect.

Section 7.7 Out-Licenses; Contract Manufacturing Agreements.

(a) Without the Buyer's prior written consent (which will not be unreasonably withheld, conditioned or delayed), the Seller shall not, and shall cause its Affiliates not to, enter into any Out-License that grants a Third Party any rights to Commercialize a Product in any Major Market, unless such Third Party is a Permitted Licensee.

(b) The Seller shall promptly (and in any event within [***] Days) provide the Buyer with (i) executed copies of each Out-License, (ii) executed copies of each Modification of any Out-License and (iii) copies of all material reports provided by the Seller or any of its Affiliates to the applicable Licensee or provided in writing by the applicable Licensee to the Seller or any of its Affiliates.

(c) The Seller shall, or shall cause its Affiliates (as applicable) to, comply in all material respects with its and their obligations under each Out-License and Contract Manufacturing Agreement and shall not take any action or forego any action that would reasonably be expected to result in a material breach thereof. Promptly, and in any event within [***] Days, after receipt of any (written or oral) notice from a counterparty to any Out-License or Contract Manufacturing Agreement or any of its Affiliates of an alleged material breach under any Out-License or Contract Manufacturing Agreement by Seller or its Affiliates, the Seller shall provide the Buyer with a copy (or, in the case of an oral notice, a reasonably detailed summary) thereof, in each case, subject to any confidentiality requirements existing as of the Effective Date (in which case versions of such documents redacted to the extent necessary (in the reasonable determination of the Seller) for the Seller to comply with such confidentiality requirements shall be provided). The Seller shall, or shall cause its Affiliates (as applicable) to, use its or their Commercially Reasonable Efforts to cure any breaches by it under such Out-License or Contract Manufacturing Agreement and shall give written notice to the Buyer upon curing any such material breach.

(d) The Seller shall provide the Buyer with written notice following the Seller or any of its Affiliates becoming aware of a (i) Licensee's breach of its material obligations under any Out-License, or (ii) a counterparty's breach of its obligations under a Contract Manufacturing Agreement that would reasonably be expected to have a Material Adverse Effect. Promptly, and in any event within [***] Days following the Seller's or its Affiliate's notice to such Licensee or counterparty of such alleged breach, the Seller shall provide the Buyer with a copy thereof subject to any confidentiality requirements existing as of the Effective Date (in which case versions of such documents redacted to the extent necessary (in the reasonable determination of the Seller) for the Seller to comply with such confidentiality requirements shall be provided).

(e) Without the Buyer's prior written consent (not to be unreasonably withheld, conditioned or delayed), the Seller shall not, and shall cause its Affiliates not to Modify any Out-License or any Contract Manufacturing Agreement, [***]

(f) All Out-Licenses entered into after the Effective Date shall contain provisions permitting the Seller or its Affiliate to audit such Licensee on terms and conditions consistent in all material respects with the Buyer's rights to audit the Seller and its Affiliates set forth in Section 7.4.

Section 7.8 Disclosures. Except for a press release approved in form and substance by the Seller and the Buyer or any other public announcement using substantially the same text as such press release or other public announcement made in accordance with this Agreement, neither the Buyer nor the Seller shall, and each party shall cause its respective Representatives, Affiliates and Affiliates' Representatives not to, issue a press release or other public announcement or otherwise make any public disclosure with respect to this Agreement or the subject matter hereof without the prior written consent of the other party except as may be required by applicable law or stock exchange rule (in which case either party required to make the press release or other public announcement or disclosure shall allow the other party reasonable time to comment on, and, if applicable, reasonably request the disclosing party to seek confidential treatment in respect of portions of, such press release or other public announcement or disclosure in advance of such issuance).

Section 7.9 Post-Signing Obligation. The Seller shall deliver to the Buyer within [***] Days after the Effective Date a CD, USB drive or as otherwise agreed by the parties, containing copies [***] For the avoidance of doubt, the contents of such CD or USB drive are Confidential Information of the Seller and subject to the terms and conditions of this Agreement.

Section 7.10 Efforts to Consummate Transactions; Updates after Effective Date . Subject to the terms and conditions of this Agreement, each of the Seller and the Buyer will use its commercially reasonable efforts prior to the Closing to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary under applicable law to consummate the transactions contemplated by this Agreement. Each of the Buyer and the Seller agrees to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be reasonably necessary in order to consummate or implement expeditiously the transactions contemplated by this Agreement. The Seller shall promptly (and in any event within [***] notify the Buyer in writing of the occurrence of any events that would cause the representations and warranties contained in ARTICLE 4 to be breached or inaccurate in any material respect or if the Seller [***]

Section 7.11 Further Assurances. The Seller and the Buyer agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be reasonably necessary in order to give effect to and carry on the transactions contemplated by this Agreement.

Section 7.12 Late Payments. A late fee of the lesser of (a) [***] over the Prime Rate and (b) the highest rate permitted under applicable law shall accrue on all unpaid amounts with respect to any payment owed to either party hereunder, including the Initial Purchase Price, the Additional Purchase Price or any Revenue Payment, from the date such obligation was due until the date payment is made. The imposition and payment of a late fee shall not constitute a waiver of the rights of either party with respect to such payment default. [***]

Section 7.13 Negative Pledge; Preservation of Assets and Liens.

(a) Whether or not the Revenue Milestone is achieved, during the term of this Agreement, the Seller shall not, and shall not permit any of its Affiliates to, create, incur, assume or suffer to exist any Lien on [***], except for (i) the Back-Up Security Interest and (ii) solely with respect to the Product Rights and the Products (but not any of the other aforementioned assets), any [***]. For clarity, the Seller is permitted to create, incur, assume or suffer to exist a Lien on (x) the Excluded Products, and (y) rights that specifically relate to any Excluded Product (including the Excluded Product Assets) and are not also encompassing any Product Rights.

(b) For clarity, this Agreement shall not be construed, understood, or interpreted to prohibit the Seller or its Affiliates from licensing, selling, transferring or otherwise disposing of any portion of the Seller's or its Affiliates' rights, title or interest in or to any Excluded Product Assets or any other assets or rights of the Seller outside of the Product Rights (an "Other Product Transaction") so long as such Other Product Transaction does not cause a breach of Section 7.13(a) or Section 7.13(c); [***]

(c) Notwithstanding anything herein to the contrary, none of the Seller nor any of its Affiliates shall take any actions, fail to take any actions, permit any actions, fail to permit any actions, or enter into or Modify any contracts or arrangements if such action, failure, permission, entry or modification would, individually or in the aggregate, reasonably be expected to adversely affect in any material respect [***] or with the intent to circumvent the provisions of, or obligations under, this Agreement.

(d) The Seller agrees that it will not, without giving the Buyer prior written notice as promptly as practical, and in any event at least [***] Days prior thereto, change (i) its legal name (as defined in Section 9-503(a) of the Uniform Commercial Code in effect in Delaware), (ii) its jurisdiction of organization, (iii) its legal entity structure or identity, or (iv) the location or address of its chief executive office and shall otherwise cooperate and act as reasonably requested by the Buyer so that the Buyer can (1) create, maintain, perfect, continue and protect the Buyer's enforceable perfected security interest and Lien (with the priority provided for in this Agreement) on the Back-Up Collateral and (2) maintain, continue and protect the purchase and sale of the Revenue Participation Right contemplated by this Agreement.

[***]
Section 7.14 [***]
Section 7.15 [***]

ARTICLE 8
CONDITIONS TO CLOSING

Section 8.1 Buyer Conditions to Closing. The Buyer's obligation to purchase, acquire and accept all of the Seller's rights, title and interest in and to the Revenue Participation Right at the Closing and to pay the Initial Purchase Price at the Closing is subject to the fulfillment as of the Closing Date of the following conditions (unless waived in writing by the Buyer):

(a) the FDA Approval shall have occurred on or prior to June 30, 2026;

(b) all representations and warranties of the Seller contained herein and in the other Transaction Documents shall be true and correct in all material respects as of the Closing Date (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date), and the Buyer shall have received a certificate executed by an authorized officer of the Seller on the Closing Date certifying on behalf of the Seller to the effect of the foregoing;

(c) the Seller shall have delivered to the Buyer a certificate of an officer of the Seller, dated the Closing Date, (i) certifying as to the Seller's organizational documents and the attached resolutions adopted by the board of directors of the Seller authorizing the transactions contemplated by the Transaction Documents and (ii) setting forth the incumbency of the officer or officers of the Seller who have executed and delivered the Transaction Documents, including therein a signature specimen of each such officer;

(d) since the Effective Date, there shall not have occurred any Material Adverse Effect that is continuing, and the Buyer shall have received a certificate executed by a duly authorized officer of the Seller on the Closing Date certifying on behalf of the Seller to the effect of the foregoing;

(e) the Seller shall have performed and complied in all material respects with all agreements, covenants, obligations and conditions required to be performed and complied with by it under this Agreement at or prior to the Closing Date, and the Buyer shall have received a certificate executed by a duly authorized officer of the Seller on the Closing Date certifying on behalf of the Seller to the effect of the foregoing;

(f) the Seller shall deliver to the Buyer a duly executed Bill of Sale;

(g) the Seller shall deliver to the Buyer legal opinions of Gibson, Dunn & Crutcher LLP, as counsel to the Seller, in form and substance reasonably satisfactory to the Buyer and its counsel of the opinions listed on Exhibit C; and

(h) the Seller shall have delivered to the Buyer a valid, properly executed IRS Form W-9 certifying that the Seller is exempt from U.S. federal "backup" withholding tax.

Section 8.2 Seller Conditions to Closing. The Seller's obligation to sell, transfer, assign and convey to the Buyer all of the Seller's right, title and interests in and to the Revenue Participation Right at the Closing is subject to the fulfillment as of the Closing Date of the following conditions (unless waived in writing by the Seller):

(a) all representations and warranties of the Buyer contained herein and in the other Transaction Documents shall be true and correct in all material respects as of the Closing Date (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date), and the Seller shall have received a certificate executed by a duly authorized person of the Buyer on the Closing Date certifying on behalf of the Buyer to the effect of the foregoing;

(b) the Buyer shall have performed and complied in all material respects with all agreements, covenants, obligations and conditions required to be performed and complied with by it under this Agreement at or prior to the Closing Date, and the Seller shall have received a certificate executed by a duly authorized officer of the Buyer on the Closing Date certifying on behalf of the Buyer to the effect of the foregoing; and

(c) the Buyer shall have delivered to the Seller a valid, properly executed IRS Form W-8BEN-E or other applicable form certifying that the Buyer is exempt from U.S. federal withholding under a U.S. income Tax treaty and backup withholding tax with respect to all payments to Buyer under this Agreement.

ARTICLE 9
INDEMNIFICATION

Section 9.1 General Indemnity. Subject to Section 9.3, from and after the Effective Date:

(a) The Seller hereby agrees to indemnify, defend and hold harmless the Buyer and its Affiliates and its and their directors, managers, trustees, officers, agents and employees (the "Buyer Indemnified Parties") from, against and in respect of all Losses suffered or incurred by the Buyer Indemnified Parties to the extent arising out of or resulting from (i) any breach of any of the representations or warranties (in each case, determined as at the date the relevant representation or warranty was made) of the Seller in any Transaction Document and (ii) any breach of any of the covenants or agreements of the Seller in any Transaction Document.

(b) The Buyer hereby agrees to indemnify, defend and hold harmless the Seller and its Affiliates and its and their directors, officers, agents and employees (the "Seller Indemnified Parties") from, against and in respect of all Losses suffered or incurred by the Seller Indemnified

Parties to the extent arising out of or resulting from (i) any breach of any of the representations or warranties (in each case, determined as at the date the relevant representation or warranty was made) of the Buyer in any Transaction Document or (ii) any breach of any of the covenants or agreements of the Buyer in any Transaction Document.

Section 9.2 Notice of Claims. If either a Buyer Indemnified Party, on the one hand, or a Seller Indemnified Party, on the other hand (such Buyer Indemnified Party on the one hand and such Seller Indemnified Party on the other hand being hereinafter referred to as an "Indemnified Party"), has suffered or incurred any Losses for which indemnification may be sought under this ARTICLE 9, the Indemnified Party shall so notify the other party from whom indemnification is sought under this ARTICLE 9 (the "Indemnifying Party") promptly in writing describing such Loss, the amount or estimated amount thereof, if known or reasonably capable of estimation, and the method of computation of such Loss, all with reasonable particularity and containing a reference to the provisions of this the relevant Transaction Document in respect of which such Loss shall have occurred. If any claim, action, suit or proceeding is asserted or instituted by or against a Third Party with respect to which an Indemnified Party intends to claim any Loss under this Section 9.2, such Indemnified Party shall promptly notify the Indemnifying Party of such claim, action, suit or proceeding and tender to the Indemnifying Party the defense of such claim, action, suit or proceeding. A failure by an Indemnified Party to give notice and to tender the defense of such claim, action, suit or proceeding in a timely manner pursuant to this Section 9.2 shall not limit the obligation of the Indemnifying Party under this ARTICLE 9, except to the extent such Indemnifying Party is actually prejudiced thereby.

Section 9.3 Limitations on Liability. No party hereto shall be liable (and no claim for indemnification hereunder shall be asserted) for any indirect, consequential, punitive, special or incidental damages, including lost profits, under this ARTICLE 9 as a result of any breach or violation of any covenant or agreement of such party (including under this ARTICLE 9) in or pursuant to any Transaction Document. Notwithstanding the foregoing, (i) the Buyer shall be entitled to make indemnification claims, in accordance with the procedures set forth in this ARTICLE 9, for Losses consisting of any portion of the Revenue Payments that the Buyer was entitled to receive but did not timely receive or at all due to indemnifiable events under any Transaction Document and such portion of the Revenue Payments shall not be deemed indirect, consequential, punitive, special or incidental damages (including lost profits) for any purpose of any Transaction Document and (ii) any indirect, consequential, punitive, special or incidental damages, including lost profits, awarded to a Third Party in connection with a claim pursuant to Section 9.4 shall be considered Losses for purposes of this ARTICLE 9.

Section 9.4 Third Party Claims. Upon providing notice to an Indemnifying Party by an Indemnified Party pursuant to Section 9.2 of the commencement of any action, suit or proceeding against such Indemnified Party by a Third Party with respect to which such Indemnified Party intends to claim any Loss under this ARTICLE 9, such Indemnifying Party shall defend such claim, at such Indemnifying Party's expense and with counsel of its choice reasonably satisfactory to the Indemnified Party. The Indemnified Party shall, at the request of the Indemnifying Party, use commercially reasonable efforts to cooperate in such defense; provided, that the Indemnifying Party shall bear the Indemnified Party's reasonable out-of-pocket costs and expenses incurred in connection with such cooperation. The Indemnified Party may retain separate co-counsel at its expense and may participate in the defense of such claim. The Indemnifying Party shall not consent to the entry of any Judgment or enter into any settlement with respect to such claim without the prior written consent of the Indemnified Party unless such Judgment or settlement (A) provides for the payment by the Indemnifying Party of money as the sole relief (if any) for the claimant (other than customary and reasonable confidentiality obligations relating to such claim, Judgment or settlement), (B) results in the full and general release of the Indemnified Party from all liabilities arising out of, relating to or in connection with such claim and (C) does not involve a finding or admission of any violation of any law, rule, regulation or Judgment, or the rights of any Person, and has no effect on any other claims that may be made against the Indemnified Party. In the event the Indemnifying Party does not or ceases to conduct the defense of such claim in compliance with this Section 9.4, (i) the Indemnified Party may defend against, and consent to the entry of any Judgment or enter into any reasonable settlement with respect to, such claim in any manner such Indemnified Party reasonably deems appropriate, (ii) subject to the limitations in Section 9.3, the Indemnifying Party shall reimburse the Indemnified Party promptly and periodically for the reasonable out-of-pocket costs of defending against such claim, including reasonable attorneys' fees and expenses against reasonably detailed invoices and (iii) the Indemnifying Party shall remain responsible for any Losses the Indemnified Party may suffer as a result of such claim to the full extent provided in this ARTICLE 9.

Section 9.5 Exclusive Remedy. Except as set forth in Section 12.10, from and after the Effective Date, the rights of the parties hereto pursuant to (and subject to the conditions of) this ARTICLE 9 shall be the sole and exclusive remedy of the parties hereto and their respective Affiliates with respect to any claims (whether based in contract, tort or otherwise) resulting from or relating to any breach of the representations, warranties, covenants and agreements made under any Transaction Document or any certificate, document or instrument delivered under any Transaction Document, and each party hereto hereby waives, to the fullest extent permitted under applicable law, and agrees not to assert any other claim or action in respect of any such breach. Notwithstanding the foregoing, claims for fraud shall not be waived or limited in any way by this ARTICLE 9.

Section 9.6 Tax Treatment of Indemnification Payments. Any indemnification payments made pursuant to this ARTICLE 9 will be treated as an adjustment to the purchase price for U.S. federal income tax purposes to the fullest extent permitted by applicable law, except to the extent otherwise required pursuant to a "determination," within the meaning of Section 1313(a) of the US Code.

ARTICLE 10
CONFIDENTIALITY

Section 10.1 Confidentiality. Except as provided in this ARTICLE 10 or otherwise agreed in writing by the parties, the parties agree that, during the term of this Agreement and for [***] thereafter, each party (the "Receiving Party") shall (a) keep confidential and shall not publish or otherwise disclose, except as permitted pursuant to Section 10.2, any information furnished to it by or on behalf of the other party (the "Disclosing Party") pursuant to this Agreement (such information, "Confidential Information" of the Disclosing Party) and (b) shall not use the Confidential Information of the Disclosing Party for any purpose other than as provided for in this Agreement (which includes the exercise of any rights or the performance of any obligations hereunder), except in each case ((a) and (b)) for that portion of such information that the Receiving Party can demonstrate by competent proof:

(a) was already known to the Receiving Party, other than under an obligation of confidentiality, at the time of disclosure by the Disclosing Party;

(b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party;

(c) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission of the Receiving Party in breach of this Agreement;

(d) is independently developed by the Receiving Party or any of its Affiliates without the use of the Confidential Information of the Disclosing Party; or

(e) is subsequently disclosed to the Receiving Party on a non-confidential basis by a Third Party who did not receive such Confidential Information from the Disclosing Party and without obligations of confidentiality with respect thereto.

Section 10.2 Authorized Disclosure. Either party may disclose Confidential Information to the extent such disclosure is reasonably necessary in the following situations:

(a) prosecuting or defending litigation between the parties hereto;

(b) complying with applicable laws and regulations, including regulations promulgated by securities exchanges;

(c) complying with a valid order of a court or administrative body of competent jurisdiction or other Governmental Entity;

(d) for regulatory, Tax or customs purposes;

(e) for audit purposes;

(f) disclosure to its Affiliates and its and its Affiliates' Representatives; provided, that each recipient of Confidential Information must be bound by obligations of confidentiality and non-use at least as stringent as those set forth in this Agreement prior to any such disclosure;

(g) disclosure to its actual or potential investors, lenders or acquirers, and their respective accountants, financial advisors and other professional representatives, provided, that such disclosure shall be made only to the extent customarily required to consummate such investment, financing transaction or acquisition and that each recipient of Confidential

Information must be bound by obligations of confidentiality and non-use at least as stringent as those set forth in this Agreement prior to any such disclosure; or

(h) upon the prior written consent of the Disclosing Party.

Notwithstanding the foregoing, in the event the Receiving Party is required to make a disclosure of the Disclosing Party's Confidential Information pursuant to (a), (c) or (d), it will, except where impracticable, give reasonable advance notice to the Disclosing Party of such disclosure and use reasonable efforts to secure confidential treatment of such information. Without limiting the foregoing, a party may disclose the other party's Confidential Information, without the other party's prior written permission, to the extent it is required to do so by law, regulation, or a court or administrative order or an order of another Governmental Entity; however, prior to such disclosure, the compelled party shall notify the other party (which notice shall include a copy of the relevant portion of any applicable subpoena or order) as promptly as possible after it learns of such requirement to disclose, except to the extent such notification would be impractical or legally impermissible (in which event notification shall be made as soon as reasonably practicable and permissible), provide the other party with reasonable opportunity to pursue legal action to prevent or limit the required disclosure, and, if requested, provide reasonable assistance at the other party's expense in undertaking reasonable legal action to prevent or limit the required disclosure. In the event of any such required disclosure, the party required to disclose the other party's Confidential Information shall disclose only that portion of the other party's Confidential Information that it is legally required to disclose based on the advice of its counsel. The Receiving Party shall continue to hold in confidence hereunder any such disclosed Confidential Information of the Disclosing Party unless and until such information is no longer required to be held in confidence under the terms of this Agreement.

The Buyer shall not seek, because of, or based upon, any Confidential Information of the Seller, Patent or any other form of intellectual property protection with respect to, or related to, any such Confidential Information or use the Confidential Information of the Seller to obtain, or seek to obtain, a commercial advantage over the Seller. Without limiting the foregoing, the Buyer shall not file any Patent application based upon, disclosing or using any of the Confidential Information of the Seller provided hereunder.

ARTICLE 11
TERMINATION

Section 11.1 Term.

(a) This Agreement shall be effective as of the Effective Date and, unless and until earlier terminated by mutual written agreement of the Seller and the Buyer or pursuant to Section 11.1(b), Section 11.(c) or Section 11.1(d), shall continue until such time as the Seller has made all Revenue Payments in full under this Agreement, at which time this Agreement shall automatically terminate, except with respect to any rights or obligations that accrued or arose prior to such termination.

(b) [***]

(c) This Agreement shall automatically terminate in all respects if the FDA Approval has not occurred by June 30, 2026, unless otherwise agreed in writing prior to such date by the Seller and the Buyer.

(d) This Agreement may be terminated and the transactions contemplated hereunder abandoned at any time prior to the Closing by either party if the Closing does not occur within thirty (30) days following FDA Approval; provided that the right to terminate this Agreement under this Section 11.1(c) shall not be available to any party whose breach of a representation, warranty, covenant or agreement set forth in this Agreement has been the cause of the Closing to not occur, or resulted in the failure of the Closing to occur, within thirty (30) days following FDA Approval.

Section 11.2 Survival. Notwithstanding anything to the contrary in this ARTICLE 11, the following provisions shall survive termination of this Agreement pursuant to Section 11.1 ARTICLE 1 (Definitions); ARTICLE 9 (Indemnification); ARTICLE 10 (Confidentiality); Section 11.2 (Survival); ARTICLE 12 (Miscellaneous). Termination of this Agreement shall not relieve any party of liability in respect of breaches under this Agreement by any party on or prior to termination.

ARTICLE 12
MISCELLANEOUS

Section 12.1 Notices. All notices and other communications under this Agreement shall be in writing and shall be by email with PDF attachment, courier service or personal delivery to the following addresses, or to such other addresses as shall be designated from time to time by a party hereto in accordance with this Section 12.1:

If to the Seller, to it at:

Denali Therapeutics Inc.
161 Oyster Point Blvd.
South San Francisco, California 94080
Attention: [***]
Email: [***]

With a copy to:

[***]
Attention: [***]
Email: [***]
If to the Buyer, to it at:

Royalty Pharma Investments 2023 ICAV
110 E. 59th Street, Suite 3300
New York, New York 10022
Attention: [***]
Email: [***]

With a copy to:

[***]
Attention: [***]
Email: [***]

All notices and communications under this Agreement shall be deemed to have been duly given (a) when delivered by hand, if personally delivered, (b) when received by a recipient, if sent by email, with an acknowledgement of receipt being produced by the recipient's email account, or (c) one (1) Business Day following sending within the United States by overnight delivery via commercial one-day overnight courier service.

Section 12.2 Expenses. Except as otherwise provided herein, all fees, costs and expenses (including any legal, accounting and banking fees) incurred in connection with the preparation, negotiation, execution and delivery of this Agreement and to consummate the transactions contemplated hereby shall be paid by the party hereto incurring such fees, costs and expenses.

Section 12.3 Assignment; Transfer Restrictions.

(a) Neither the Seller nor any of its Affiliates shall sell, assign or otherwise transfer, including by asset sale, merger, change of control, operation of law, or otherwise, this Agreement or any portion of the Seller's or its Affiliates' rights, title or interest in or to any Product Rights to any Person without the prior written consent of the Buyer (not to be unreasonably conditioned, withheld or delayed) except (i) to an Affiliate if such Affiliate transferee agrees in a writing reasonably acceptable to the Buyer that such Affiliate assumes all of the obligations of the Seller to the Buyer under the Transaction Documents and the Seller guarantees the performance of such Affiliate, (ii) pursuant to an Out-License of a portion of the Product Rights, to the extent permitted herein, or (iii) in connection with a Change of Control, [***]

(b) The Buyer may assign this Agreement without the prior written consent of the [***]

(c) A party assigning this Agreement as set forth in this Section 12.3 will promptly notify the other party of such assignment.

(d) Any purported sale, assignment or transfer in violation of this Section 12.3 shall be null and void.

This Agreement shall be binding upon, inure to the benefit of and be enforceable by, the parties hereto and their respective permitted successors and assigns.

Section 12.4 Amendment and Waiver.

(a) This Agreement may be amended, restated, modified or supplemented only in a writing signed by each of the Seller and the Buyer. Any provision of this Agreement may be waived only in a writing signed by the party hereto granting such waiver.

(b) No failure or delay on the part of either party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No course of dealing between the parties hereto shall be effective to Modify any provision of this Agreement.

Section 12.5 Entire Agreement. This Agreement, the Exhibits annexed hereto and the Disclosure Schedule constitute the entire understanding between the parties hereto with respect to the subject matter hereof and supersede all other understandings and negotiations with respect thereto.

Section 12.6 No Third Party Beneficiaries. This Agreement is for the sole benefit of the Seller and the Buyer and their permitted successors and assigns and nothing herein expressed or implied shall give or be construed to give to any Person, other than the parties hereto and such successors and assigns, any legal or equitable rights hereunder, except that the Indemnified Parties shall be third party beneficiaries of the benefits provided for in ARTICLE 9.

Section 12.7 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction.

Section 12.8 Jurisdiction; Venue.

(a) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS RESPECTIVE PROPERTY AND ASSETS, TO THE EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT OR FEDERAL COURT OF THE UNITED STATES SITTING IN NEW YORK COUNTY, NEW YORK, AND ANY APPELLATE COURT THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, AND THE BUYER AND THE SELLER EACH HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. THE BUYER AND THE SELLER EACH HEREBY AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY APPLICABLE LAW. EACH OF THE BUYER AND THE SELLER HEREBY SUBMITS TO THE EXCLUSIVE PERSONAL JURISDICTION AND VENUE OF SUCH NEW YORK STATE AND FEDERAL COURTS. NOTHING IN THIS AGREEMENT OR IN ANY OTHER DOCUMENT SHALL AFFECT ANY RIGHT

THAT THE BUYER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER DOCUMENT AGAINST THE SELLER OR ITS AFFILIATES OR ITS OR THEIR PROPERTIES IN THE COURTS OF ANY JURISDICTION. THE BUYER AND THE SELLER EACH AGREE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THAT PROCESS MAY BE SERVED ON THE BUYER OR THE SELLER IN THE SAME MANNER THAT NOTICES MAY BE GIVEN PURSUANT TO SECTION 12.1 HEREOF.

(b) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY NEW YORK STATE OR FEDERAL COURT. EACH OF THE BUYER AND THE SELLER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(c) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY PROCEEDING ARISING OUT OF, RELATING TO OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

Section 12.9 Severability. If any term or provision of this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any situation in any jurisdiction, then, to the extent that the economic and legal substance of the transactions contemplated hereby is not affected in a manner that is materially adverse to either party hereto, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect and the enforceability and validity of the offending term or provision shall not be affected in any other situation or jurisdiction.

Section 12.10 Specific Performance. Each party acknowledges and agrees that the other party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached or violated. Accordingly, notwithstanding Section 9.5, each party agrees that, without posting bond or other undertaking, the other party shall be entitled to an injunction or injunctions to prevent breaches or violations of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action, suit or other proceeding instituted in any court of the United States or any state thereof having jurisdiction over the parties and the matter in addition to any other remedy to which it may be entitled, at law or in equity. Each party further agrees that, in the event of any action for specific performance in respect of such breach or violation, it shall not assert that the defense that a remedy at law would be adequate.

Section 12.11 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Copies of executed counterparts transmitted by telecopy, facsimile or other similar means of electronic transmission, including "PDF," shall be considered original executed counterparts, provided receipt of such counterparts is confirmed.

Section 12.12 Relationship of the Parties. The relationship between the Buyer and the Seller is solely that of purchaser and seller, and neither the Buyer nor the Seller has any fiduciary or other special relationship with the other party or any of its Affiliates. This Agreement is not a partnership or similar agreement, and nothing contained herein shall be deemed to constitute the Buyer and the Seller as a partnership, an association, a joint venture or any other kind of entity or legal form for any purposes, including any Tax purposes. The Buyer and the Seller agree that they shall not take any inconsistent position with respect to such treatment in a filing with any Governmental Entity.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective representatives thereunto duly authorized as of the Effective Date.

SELLER:
DENALI THERAPEUTICS INC.

By: ______________________________
Name:
Title:

BUYER:
ROYALTY PHARMA INVESTMENTS 2023 ICAV

By:
Royalty Pharma Sub-Manager, LLC, its Manager and lawfully appointed attorney

By: ______________________________
Name: Arthur R. McGivern
Title: EVP, Investments & General Counsel

[Signature Page to Revenue Participation Right Purchase and Sale Agreement]

Exhibit 31.1

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Ryan J. Watts, Ph.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Denali Therapeutics Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. 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;

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: May 7, 2026

/s/ Ryan J. Watts
Ryan J. Watts, Ph.D.
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alexander O. Schuth, M.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Denali Therapeutics Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. 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;
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: May 7, 2026

/s/ Alexander O. Schuth

Alexander O. Schuth, M.D.
Chief Operating and Financial Officer

Exhibit 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

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), I, Ryan J. Watts, Ph.D., President and Chief Executive Officer of Denali Therapeutics Inc. (the “Company”), hereby certify that:

1. The Company’s Quarterly Report on Form 10-Q for the fiscal period ended March 31, 2026, to which this Certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2026

By:	/s/ Ryan J. Watts
Name:	Ryan J. Watts, Ph.D.
Title:	President and Chief Executive Officer

Exhibit 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

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), I, Alexander O. Schuth, M.D., Chief Operating and Financial Officer of Denali Therapeutics Inc. (the "Company"), hereby certify that:

1. The Company's Quarterly Report on Form 10-Q for the fiscal period ended March 31, 2026, to which this Certification is attached as Exhibit 32.2 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2026

By:	/s/ Alexander O. Schuth
Name:	Alexander O. Schuth, M.D.
Title:	Chief Operating and Financial Officer