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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

Delaware
(State or other jurisdiction of incorporation or organization)

2834
(Primary Standard Industrial Classification Code Number)

47-3313701
(I.R.S. Employer Identification Number)

561 Eccles Avenue
South San Francisco, California 94080
(650) 489-9000

(Address, including zip code, and telephone number, including area code, of registrant’s principal executive offices)

Brian Wong, M.D., Ph.D.
President and Chief Executive Officer
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(650) 489-9000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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 ☐
Non-accelerated filer ☒

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 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

<table>
<thead>
<tr>
<th>Title of Each Class of Securities To Be Registered</th>
<th>Proposed Maximum Aggregate Offering Price(1)(2)</th>
<th>Amount of Registration Fee(3)</th>
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<tr>
<td>Common Stock, $0.0001 par value per share</td>
<td>$86,250,000</td>
<td>$10,453.50</td>
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(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Includes the aggregate offering price of additional shares that the underwriters have the option to purchase to cover over-allotments, if any.
(3) Calculated pursuant to Rule 457(o) under the Securities Act of 1933, as amended, based on an estimate of the proposed maximum aggregate offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.
This is RAPT Therapeutics, Inc.’s initial public offering. We are selling \( \text{\$750 million} \) shares of our common stock.

We expect the initial public offering price to be between \( \$5 \) and \( \$10 \) per share. Currently, no public market exists for the shares of our common stock. After pricing of the offering, we expect that the shares will trade on the Nasdaq Global Market under the symbol “RAPT.”

We are an “emerging growth company” as defined under the U.S. federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements for this and future filings. See “Prospectus Summary—Implications of Being an Emerging Growth Company.”

Investing in our common stock involves risks that are described in the “Risk Factors” section beginning on page 13 of this prospectus.

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<th>Per Share</th>
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<tr>
<td>Initial public offering price</td>
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<td>Underwriting discount(1)</td>
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<td>Proceeds, before expenses, to us</td>
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(1) See “Underwriting” beginning on page 179 for additional information regarding underwriting compensation.

The underwriters may also exercise their option to purchase up to an additional \( \text{\$75 million} \) shares of common stock from us, at the initial public offering price, less the underwriting discount, for 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares of common stock will be ready for delivery on or about , 2019.

BofA Merrill Lynch Wells Fargo Securities BMO Capital Markets UBS Investment Bank

The date of this prospectus is , 2019.
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Through and including , 2019 (25 days after the date of this prospectus), all dealers effecting transactions in our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer’s obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

We have not and the underwriters have not authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, financial condition, results of operations and future growth prospects may have changed since that date.

For investors outside the United States: Neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our common stock and the distribution of this prospectus outside of the United States.
**Overview**

We are a clinical-stage immunology-based biopharmaceutical company focused on discovering, developing and commercializing oral small molecule therapies for patients with significant unmet needs in oncology and inflammatory diseases. Utilizing our proprietary drug discovery and development engine, we are developing highly selective small molecules designed to modulate the critical immune responses underlying these diseases. In our first four years since inception, we have discovered and advanced two unique drug candidates each targeting C-C motif chemokine receptor 4 ("CCR4"). Our lead oncology drug candidate, FLX475, reached the clinic in just two and a half years and we expect our lead inflammation drug candidate, RPT193, to enter the clinic in the second half of 2019. We are also pursuing a range of targets, including general control nonderepressible 2 ("GCN2") and hematopoietic progenitor kinase 1 ("HPK1"), that are in the discovery stage of development.

The following chart summarizes the status of the drug candidates in our current pipeline.

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<td>HPK1</td>
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** Initial Phase 1 study in healthy volunteers and patients with atopic dermatitis estimated to start in 2H 2019 subject to acceptance of our Clinical Trial Application ("CTA") in Europe, which was filed in June 2019. Subsequent Phase 2 studies may include additional allergic diseases beyond atopic dermatitis, including asthma, chronic urticaria (skin rash), allergic conjunctivitis, chronic rhinosinusitis and eosinophilic esophagitis (inflammation of the esophagus).
Our CCR4 Franchise

Our proprietary drug discovery and development engine has identified the cell surface receptor CCR4 as a drug target that potentially has broad applicability in oncology and inflammatory diseases. Receptors such as CCR4 bind to chemoattractant molecules called chemokines that orchestrate migration and homing of immune cells to specific tissues throughout the body. Chemokines specific for CCR4 are secreted from tumors and from allergically-inflamed tissues, but are not highly expressed in healthy tissues. Our approach is designed to enable selective restoration of the immune response within tumor and allergically inflamed tissues without systemically depleting immune cells and broadly suppressing the immune system, a side effect experienced with other approaches. Each of our two unique drug candidates, FLX475 and RPT193, target CCR4 in a manner we believe is well suited for cancer and inflammatory disease, respectively.

CCR4 Antagonist for Oncology: FLX475

We are developing FLX475 for the treatment of a broad range of “charged” tumors, which represent cancer types we believe are most likely to respond to FLX475. In cancer, the secretion of certain chemokines from tumor cells and tumor-resident immune cells is responsible for recruitment of immunosuppressive regulatory T cells (“Treg”) to tumor sites. Treg represent a dominant pathway for downregulating the immune response, and thus may limit the effectiveness of currently available therapies such as checkpoint inhibitors. Therefore, blocking the migration of Treg has the potential to restore naturally-occurring antitumor immunity as well as to synergize with a variety of both conventional and immune-based therapies, such as radiation, chemotherapy, checkpoint inhibitors, immune stimulators and adoptive T cell therapy. We believe that the inhibition of CCR4 has the potential to bring therapeutic benefit to patients across a wide spectrum of tumors in a manner similar to other immuno-oncology therapies that have been shown to be effective against multiple tumor types, while also potentially deepening or broadening clinical responses to these therapies.

Our proprietary drug discovery and development engine has identified certain tumors in which the abundance of Treg is likely to be a cause of immune suppression. We refer to these tumors as “charged,” as defined by high levels of (i) CCR4 ligands, (ii) Treg and (iii) CD8+ effector cells. These “charged” tumors include non-small cell lung cancer, triple negative breast cancer, head and neck squamous cell carcinoma, nasopharyngeal cancer, gastric cancer, certain Hodgkin and non-Hodgkin lymphomas, and cervical cancer. Additionally, we have discovered that the presence of oncogenic viruses, such as Epstein-Barr virus and human papillomavirus, is associated with tumors that are highly “charged” and allows prospective patient selection.

FLX475 is a small molecule CCR4 antagonist that blocks the migration of Treg specifically into tumors, but not healthy tissues, without depleting Treg throughout the body, which we believe may decrease the likelihood of side effects. Adverse safety events have been observed in clinical studies of Treg-depleting antibodies, including those with mogamulizumab (marketed as Poteligeo) a depleting antibody targeting CCR4. In addition, mogamulizumab has been shown to deplete effector immune cells, which is thought to limit their effectiveness in patients. In preclinical tumor models, FLX475 was shown to selectively bind to CCR4 and inhibit the recruitment of Treg into tumors without affecting healthy tissue, increase the number of CD8+ effector T cells in the tumor, improve tumor control and, as a single agent or in combination with checkpoint inhibitors, lead to tumor reduction or eradication. In addition, in preclinical tumor models, inhibition of CCR4 with FLX475 did not negatively impact effector immune cells.

We have completed a placebo-controlled, double-blinded dose-escalating Phase 1 clinical trial of FLX475 in 104 healthy volunteers. FLX475 was well tolerated and demonstrated dose-dependent inhibition of CCR4 with no observed immune-related adverse events or significant clinical adverse events. Daily dosing within the single dose arm ranged between 5 mg and 1,000 mg and in the multiple dose arm between 25 mg and 150 mg a day for 14 days. At the 75 mg daily dose, FLX475 exceeded the targeted receptor occupancy in six out
of six healthy volunteers, which, in our preclinical studies, corresponded with a 90% inhibition of in vitro T\textsubscript{reg} migration and the highest level of inhibition of in vivo T\textsubscript{reg} migration and antitumor activity. We are currently enrolling a Phase 1/2 trial of FLX475 as a monotherapy, and in combination with pembrolizumab (marketed as Keytruda), in patients with “charged” tumors and anticipate results from the Phase 2 portion of the trial could provide clinical proof-of-concept (“PoC”) data in the first half of 2020.

We hold worldwide rights to FLX475 and own an issued U.S. composition of matter patent with respect to FLX475 that is scheduled to expire in 2037.

**CCR4 Antagonist for Allergic Inflammatory Disease: RPT193**

RPT193 is a small molecule CCR4 antagonist that blocks the recruitment of inflammatory immune cells, known as type 2 T helper cells (“Th2 cells”), which are clinically implicated in allergic inflammatory diseases. We are developing RPT193 for the treatment of a broad range of allergic inflammatory diseases, the first of which is atopic dermatitis (“AD”), a chronic, inflammatory skin disease characterized by skin barrier disruption and immune dysregulation. We intend to initiate a first-in-human trial in the second half of 2019 starting with Phase 1a single and multiple dose escalation cohorts in healthy volunteers followed by placebo-controlled Phase 1b testing in patients with moderate to severe AD. We refer to this trial design as “seamless” given it will start with healthy volunteers and then transition directly into a cohort of patients with AD. We submitted a CTA in Europe in June 2019 and plan to submit an IND in the United States in the third quarter of 2019 for thisPhase 1 trial. We anticipate PoC clinical results from the Phase 1b portion of this study by mid-2020.

While there are marketed injectable products for the treatment of AD, as well as oral and injectable drug candidates in development, we believe there is an unmet need for a safe, oral treatment with comparable efficacy. Our preclinical pharmacology and toxicology results for RPT193 showed activity in clinically validated pathways in allergic inflammatory disease models to a degree we believe, if confirmed in clinical trials, would be competitive with currently marketed injectable biologics and show a safety profile that suggests chronic dosing in humans should be well tolerated. We believe the preclinical toxicology and activity results for RPT193, combined with the convenience of once daily oral dosing, suggest a profile competitive with standard of care and emerging clinical-stage drug candidates.

CCR4 is highly expressed on Th2 cells. In allergic inflammatory diseases, including AD, chemokines recruit Th2 cells via CCR4 into inflamed tissues. Once Th2 cells enter tissues such as the skin or the airways in the lung, they secrete proteins known to drive the inflammatory response. The role of Th2 cells has been clinically validated by, among others, dupilumab, an injectable biologic targeting this pathway. Further evidence of CCR4’s role in AD includes the observation of higher levels of CCR4 ligands in AD patients compared with healthy humans; these ligands also correlate with the severity of disease. We believe that by inhibiting CCR4, RPT193 has the potential to bring therapeutic benefit to patients across a broad spectrum of additional allergic inflammatory diseases, including asthma, chronic urticaria (skin rash), allergic conjunctivitis, chronic rhinosinusitis and eosinophilic esophagitis (inflammation of the esophagus).

We are developing RPT193 initially in AD because there is:

- an unmet need for a safe and effective oral treatment;
- a potentially efficient path to PoC, due to high prevalence of disease and short time to clinically relevant endpoints;
- a well-defined set of clinical endpoints that have historically been accepted for regulatory approval, which are usable for PoC as well as for subsequent pivotal studies;
• easy access to patient samples, such as skin biopsies, to interrogate mechanisms of action and clinical biomarkers of efficacy; and

• a precedent that PoC in AD has translated to other Th2 driven allergic inflammatory diseases.

We hold worldwide rights to RPT193 and have pending patent applications with respect to RPT193 that, if issued, would be scheduled to expire in 2039.

**GCN2 and HPK1 Programs for Oncology**

GCN2 is a fundamental driver of immune suppression and the survival of tumor cells under the conditions of metabolic stress typically seen in the tumor microenvironment. Preclinical studies have shown that the inhibition of GCN2 results in tumor cell death in vitro and restoration of immune function under these stress conditions. The GCN2 pathway is generally not active in healthy tissue suggesting the potential for a favorable therapeutic index for drugs targeting GCN2. Preclinical in vitro and in vivo studies have demonstrated that a potential inhibitor of GCN2 (an “RPT-GCN2i”) has the ability to restore T cell proliferation and function in nutrient-deprived conditions, to overcome immune suppression induced by myeloid-derived suppressor cells, and to elicit antitumor responses in animal models. We are developing an RPT-GCN2i with the intent of filing an IND with the FDA in 2020.

HPK1 is a negative regulator of T cell activation, and the inhibition of HPK1 has the potential to enhance T cell function and antitumor activity.

**Our Proprietary Drug Discovery and Development Engine**

Through the deep expertise of our team in immunology and drug discovery, supported by advanced computational biology, we are developing the ability to exploit difficult targets, including through proprietary know-how. We refer to this as our “proprietary drug discovery and development engine.” This engine is built upon the following four key pillars:

• computationally-driven disease target and biomarker identification;

• efficient design of small molecule drug properties;

• data-driven patient selection; and

• nimble clinical execution.

We believe that the drug candidates generated from this engine, if approved, will significantly improve the treatment paradigms and outcomes for patients by fundamentally modulating the immune responses in a range of cancers and inflammatory diseases.

**Our Team and Investors**

Our management and scientific teams and scientific advisory board have substantial expertise in three areas key to our success: immunology, small molecule drug discovery and development and computational biology. Collectively, our executives have contributed to the research and development of multiple drugs, including Gazyva, Venclexta, Tavalisse, Actemra, Provenge and Xgeva.

We have assembled a leadership team and advisory group with a proven track record of success, and a team of scientists with substantial knowledge and expertise especially in human immune biology and also in the
drug discovery and development and translational areas essential to execute on this approach. Our President and Chief Executive Officer, Brian Wong, M.D., Ph.D., previously served as Senior Vice President, Research, and Head of Immuno-Oncology at Five Prime Therapeutics and Director of Research in the Inflammation Disease Biology Area at Roche. William Ho, M.D., Ph.D., our Chief Medical Officer, previously led clinical development at Igenica Biotherapeutics and the development of multiple products at Genentech including Gazyva and Venclexta. Our Chief Scientific Officer, Dirk Brockstedt, Ph.D., previously served as Executive Vice President of Research and Development at Aduro Biotech. Our Vice President, Quantitative and Computational Biology, Paul Kassner, Ph.D., previously served as Director of Research and Head of the Genome Analysis Unit at Amgen. Before joining RAPT, our Senior Vice President of Drug Discovery and Preclinical Development, David Wustrow, Ph.D., most recently served as Vice President, Chemical and Pharmaceutical Sciences at Cleave Biosciences. Our Vice President, Finance and Corporate Controller, Karen C. Lam, previously served as Senior Director, Controller of True North Therapeutics and Director, Controller at iPierian and Ms. Lam is a Certified Public Accountant (inactive). Our Vice President, Human Resources, Erin Campany, previously served as Head of Human Resources at Immune Design and Senior Director, Global Human Resources at Acorda Therapeutics.

Our management team is supported by a scientific advisory board comprised of leading clinicians and scientific researchers, including Alexander Rudensky, Ph.D. (Memorial Sloan Kettering Cancer Center); Antoni Ribas, M.D., Ph.D. (UCLA); Scott Antonia, M.D., Ph.D. (Duke University); Drew Pardoll, M.D., Ph.D. (Johns Hopkins University); Philip Greenberg, M.D., Ph.D. (Fred Hutchinson Cancer Research Center); Robert Zamboni, Ph.D. (McGill University); Emma Guttman-Yassky, M.D., Ph.D. (Mt. Sinai) and David Goeddel, Ph.D. (The Column Group). Our clinical advisors also include Jasmina Jankicevic, M.D. (Premier Research); Thomas Bieber, M.D. (University of Bonn, Germany); and Andrew Blauvelt, M.D., M.B.A. (Oregon Medical Research Center).

We are backed by leading corporate and institutional investors, including The Column Group, GV, Kleiner Perkins, Topspin Partners and Celgene Corporation.

Our Strategy

- **Advance our lead candidate, FLX475, through clinical development to commercialization in “charged” tumor types, which represent cancer types we believe are most likely to respond to FLX475.** We expect to rapidly evaluate FLX475’s efficacy in multiple tumor types both as a single agent and in combination with other immuno-oncology agents such as programmed cell death 1 (“PD-1”) checkpoint inhibitor. Our goal is to expeditiously progress into registration trials to ultimately enable treatment of cancer patients for whom current treatments are inadequate.

- **Enhance the impact of RPT193 by expanding development across multiple allergic diseases.** We are initially developing RPT193 for AD because the characteristics of the disease present an opportunity to rapidly demonstrate RPT193’s anti-inflammatory effect. We believe this anti-inflammatory effect, along with its convenient oral administration and good preclinical safety profile, has potential clinical translatability in a variety of allergic diseases beyond AD.

- **Develop and advance a preclinical GCN2 inhibitor into clinical trials.** We view our preclinical programs as important drivers of long-term growth and stability of our company. Our goal is to rapidly advance our programs to generate validating preclinical data that warrant clinical development.

- **Expand our pipeline by leveraging our proprietary drug discovery and development engine and small molecule expertise.** We believe there are additional identifiable targets that will be important to fundamentally modulate the immune response in the treatment of cancer and
We will continue to invest in our proprietary drug discovery and development engine and investigate several of our identified targets as well as generate additional target and drug candidates, including a future HPK1 drug candidate.

- **Utilize collaborations in support of our long-term goals.** We plan to selectively use collaborations and partnerships as strategic tools to maximize the value of our drug candidates.

**Risks Associated with Our Business**

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled “Risk Factors” immediately following this prospectus summary. These risks include, among others, the following:

- We are a clinical stage biopharmaceutical company with a history of losses. We expect to continue to incur significant losses for the foreseeable future and may never achieve or maintain profitability, which could result in a decline in the market value of our common stock.

- FLX475 and RPT193 are in clinical and preclinical development, respectively, and may fail in development or suffer delays that materially and adversely affect their commercial viability.

- If RPT193 or an RPT-GCN2i or other future drug candidate is tested in humans, it may not demonstrate the safety and efficacy necessary to support further development or commercial viability.

- We may not be successful in our efforts to use and expand our proprietary drug discovery and development engine to build a pipeline of drug candidates, and as an organization we have no history of successfully developing drugs.

- If we or others later identify undesirable side effects caused by FLX475 or RPT193, our ability to market and derive revenue from the drug candidate could be compromised.

- Even if we consummate this offering, we will need substantial additional funds to advance development of drug candidates and our proprietary drug discovery and development engine, and we cannot guarantee that we will have sufficient funds available in the future to develop and commercialize our current or potential future drug candidates.

- If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

- We face intense competition from entities that have developed or may develop drug candidates for the treatment of the diseases that we are currently targeting or may target in the future. If these companies develop technologies or drug candidates more rapidly than we do, or if their technologies or drug candidates are more effective than ours, our ability to develop and successfully commercialize drug candidates may be adversely affected.

- If third parties on which we rely to conduct certain preclinical studies and clinical trials do not perform as contractually required, fail to satisfy regulatory or legal requirements or miss expected deadlines, our development program could be delayed with material and adverse impacts on our business and financial condition.

- We may experience difficulties in managing our growth and expanding our operations.
• We may not be able to enter into collaborations or strategic transactions on acceptable terms, if at all, which could adversely affect our ability to develop and commercialize current and potential future drug candidates, impact our cash position and increase our expenses.

• If we are unable to obtain, maintain, enforce or defend intellectual property rights related to our technology and current or future drug candidates, or if our intellectual property rights are inadequate, we may not be able to compete effectively.

• Clinical development includes a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

Corporate Information

We were incorporated under the laws of the state of Delaware in March 2015 under the name FLX Bio, Inc. In April 2015, Flexus Biosciences, Inc. (“Flexus”) contributed and assigned to us the assets and rights relating primarily to its fms-like tyrosine kinase receptor 3, cyclin-dependent kinase 4/6 inhibitor and small molecule Treg cancer immunotherapy in exchange for shares of our convertible preferred stock, which were immediately distributed to the preferred stockholders of Flexus. In May 2019, we changed our name to RAPT Therapeutics, Inc. Our principal executive offices are located at 561 Eccles Avenue, South San Francisco, California 94080. Our telephone number is (650) 489-9000. Our website address is www.rapt.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information contained on, or that can be accessed through, our website to be part of this prospectus or in deciding whether to purchase our common stock.

RAPT, the RAPT logo and our other registered or common law trade names, trademarks or service marks appearing in this prospectus are the property of RAPT Therapeutics, Inc. Trade names, trademarks and service marks of other companies appearing in this prospectus are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® or ™ symbols.

Implications of Being an Emerging Growth Company

As a company with less than $1.07 billion in revenues during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act (the “JOBS Act”), enacted in April 2012. An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

• not being required to comply for a certain period of time with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”);

• reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and

• exemptions from the requirements of holding a stockholder advisory vote on executive compensation and any golden parachute payments not previously approved.

We have elected to take advantage of certain of the reduced disclosure obligations in the registration statement of which this prospectus is a part and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.
In addition, pursuant to the JOBS Act, as an “emerging growth company” we have elected to take advantage of an extended transition period for complying with new or revised accounting standards. As a result, we will not be subject to the same new or revised accounting standards as other public companies that comply with the public company effective dates, including but not limited to the new lease accounting standard. This effectively permits us to delay adoption of certain accounting standards until those standards would otherwise apply to private companies. As a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make our common stock less attractive to investors.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common stock in this offering. However, if certain events occur prior to the end of such five-year period, including if (i) we become a “large accelerated filer,” with at least $700 million of equity securities held by non-affiliates; (ii) our annual gross revenues exceed $1.07 billion; or (iii) we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an “emerging growth company” prior to the end of such five-year period.
<table>
<thead>
<tr>
<th>The Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Common stock offered by us</strong></td>
</tr>
<tr>
<td><strong>Common stock to be outstanding after this offering</strong></td>
</tr>
<tr>
<td><strong>Underwriters’ option to purchase additional shares of common stock</strong></td>
</tr>
</tbody>
</table>

**Use of proceeds**

We estimate that the net proceeds from the sale of our common stock in this offering will be approximately $\_\_\_\_ million (or approximately $\_\_\_\_ million if the underwriters exercise their over-allotment option in full), based on the assumed initial public offering price of $\_\_\_\_ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

We currently expect to use the net proceeds from this offering, together with our existing cash and cash equivalents, as follows:

- Approximately $\_\_\_\_ million to fund the development of FLX475 through PoC results from our Phase 1/2 clinical trial;
- Approximately $\_\_\_\_ million to fund the development of RPT193 through our Phase 1 trial in healthy volunteers and patients with AD; and
- The remaining proceeds for continued development of our GCN2 and HPK1 programs, continued refinement of our proprietary drug discovery and development engine, hiring of additional personnel, capital expenditures, costs of operating as a public company and other general corporate purposes.

See “Use of Proceeds” for additional information.

**Risk factors**

See “Risk Factors” for additional information and a discussion of factors you should carefully consider before deciding to invest in our common stock.

**Proposed trading symbol on the Nasdaq Global Market “RAPT”**

The number of shares of our common stock that will be outstanding after this offering is based on 106,502,756 shares of our common stock (including shares of our convertible preferred stock on an as-converted basis) outstanding as of March 31, 2019, and excludes:

- 3,271,537 shares of our common stock issuable upon conversion of our Series C-2 convertible preferred stock sold in June 2019;
5,829,091 shares of our common stock issuable upon the exercise of options to purchase shares of our common stock issued under our 2015 Stock Plan, as amended (“2015 Plan”), and outstanding as of March 31, 2019, with a weighted-average exercise price of $0.83 per share;

785,000 shares of our common stock issuable upon the exercise of stock options granted after March 31, 2019, with an exercise price of $2.27 per share, and an additional 1,038,500 shares of our common stock issuable upon the exercise of stock options granted after March 31, 2019, with an exercise price equal to the public offering price set forth on the cover page of this prospectus;

shares of our common stock reserved for future issuance under our 2019 Equity Incentive Plan (“2019 Plan”) (including 3,243,269 shares of our common stock reserved for issuance under our 2015 Plan that will be added to our 2019 Plan reserve upon its effectiveness), which includes an annual evergreen increase and will become effective in connection with this offering; and

shares of our common stock reserved for future issuance under our 2019 Employee Stock Purchase Plan (“ESPP”), which includes an annual evergreen increase and will become effective in connection with this offering.

Unless otherwise indicated, the information in this prospectus reflects and assumes the following:

an initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus;

the automatic conversion of all outstanding shares of our convertible preferred stock outstanding as of March 31, 2019 into 101,531,788 shares of our common stock immediately upon the closing of this offering;

no exercise of the outstanding options described above;

no exercise of the underwriters’ option to purchase up to an additional shares of our common stock to cover over-allotments; and

the filing and effectiveness of our amended and restated certificate of incorporation in Delaware and the adoption of our amended and restated bylaws, each of which will occur upon the closing of this offering.
The following tables set forth a summary of our historical consolidated financial data as of, and for the periods ended on, the dates indicated. The consolidated statements of operations data for the fiscal years ended December 31, 2017 and 2018, and the consolidated balance sheet data as of December 31, 2017 and 2018, are derived from our audited consolidated financial statements and related notes included elsewhere in this prospectus. The consolidated statements of operations data for the three months ended March 31, 2018 and 2019 and the consolidated balance sheet data as of March 31, 2019 are derived from our unaudited condensed consolidated financial statements and related notes included elsewhere in this prospectus. You should read this data together with our consolidated financial statements and related notes appearing elsewhere in this prospectus and the information in “Selected Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Our historical results are not necessarily indicative of the results to be expected in the future, and the results for the three months ended March 31, 2019 are not necessarily indicative of the results to be expected for the full year or any other period.

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31, 2017 (in thousands, except per share data)</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated Statements of Operations Data:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating costs and expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>$25,618</td>
<td>$31,767</td>
<td>$7,306</td>
</tr>
<tr>
<td>General and administrative</td>
<td>3,713</td>
<td>5,180</td>
<td>1,057</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>29,331</td>
<td>36,947</td>
<td>8,363</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>29,331</td>
<td>36,947</td>
<td>8,363</td>
</tr>
<tr>
<td>Other (income), net</td>
<td>(216)</td>
<td>(800)</td>
<td>(132)</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$29,115</td>
<td>$36,147</td>
<td>$8,231</td>
</tr>
<tr>
<td><strong>Net loss per share, basic and diluted(1)</strong></td>
<td>$11.24</td>
<td>$9.68</td>
<td>$2.52</td>
</tr>
<tr>
<td><strong>Weighted average number of shares used in computing net loss per share, basic and diluted</strong></td>
<td>2,590,100</td>
<td>3,733,823</td>
<td>3,270,902</td>
</tr>
<tr>
<td><strong>Pro forma net loss per share, basic and diluted(1)</strong></td>
<td>$0.42</td>
<td>$0.09</td>
<td></td>
</tr>
<tr>
<td><strong>Weighted average number of shares used in computing pro forma net loss per share, basic and diluted(1)</strong></td>
<td>86,766,748</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
See Note 13 to our audited consolidated financial statements and Note 11 to our unaudited interim condensed consolidated financial statements for an explanation of the method used to calculate historical and pro forma basic and diluted net loss per share.

As of March 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Pro Forma(1)</th>
<th>Pro Forma as Adjusted(2)(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated Balance Sheet Data:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$61,758</td>
<td>$61,758</td>
<td>$61,758</td>
</tr>
<tr>
<td>Working capital</td>
<td>59,753</td>
<td>59,753</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>67,860</td>
<td>67,860</td>
<td></td>
</tr>
<tr>
<td>Convertible preferred stock</td>
<td>168,058</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(128,141)</td>
<td>(128,141)</td>
<td>(128,141)</td>
</tr>
<tr>
<td>Total stockholders’ (deficit) equity</td>
<td>(105,751)</td>
<td>62,307</td>
<td></td>
</tr>
</tbody>
</table>

(1) The pro forma column in the consolidated balance sheet data above gives effect to the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 101,531,788 shares of common stock as of March 31, 2019.

(2) The pro forma as adjusted column gives effect to the adjustment described in footnote (1) above and the receipt of $ in net proceeds from the sale by us of shares of common stock in this offering at an assumed initial public offering price of per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

(3) Each $1.00 increase (decrease) in the assumed initial public offering price of per share of common stock, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, working capital, total assets and total stockholders’ (deficit) equity by approximately , assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase (decrease) the number of shares we are offering. An increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) the amount of cash and cash equivalents, working capital, total assets and total stockholders’ (deficit) equity by approximately , assuming the assumed initial public offering price per share, as set forth on the cover page of this prospectus, remains the same. The pro forma as adjusted information above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing.
RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, as well as other information included in this prospectus, including our consolidated financial statements and related notes appearing at the end of this prospectus and our “Management’s Discussion and Analysis of Financial Conditions and Results of Operations,” before making an investment decision. The risks described below are not the only ones facing us. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition or results of operations. In such case, the trading price of our common stock could decline, and you may lose all or part of your original investment. This prospectus also contains forward-looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of specific factors, including the risks and uncertainties described below.

Risks Related to Our Business

We are a clinical stage biopharmaceutical company with a history of losses. We expect to continue to incur significant losses for the foreseeable future and may never achieve or maintain profitability, which could result in a decline in the market value of our common stock.

We are a clinical stage biopharmaceutical company with a history of losses. Since our inception, we have devoted substantially all of our resources to research and development, including our drug discovery and development engine, preclinical studies, clinical trials, raising capital, building our management team and our intellectual property portfolio. Our net loss was $9.2 million and $36.1 million for the three months ended March 31, 2019 and for the year ended December 31, 2018, respectively. As of March 31, 2019, we had an accumulated deficit of $128.1 million. Substantially all of our losses have resulted from expenses incurred in connection with our research and development programs and from general and administrative costs associated with our operations. To date, we have not generated any revenue. Furthermore, we do not expect to generate any revenue from product sales for the foreseeable future, and we expect to continue to incur significant operating losses for the foreseeable future due to the cost of research and development, preclinical studies, clinical trials and the regulatory approval process for our current and potential future drug candidates.

We expect our net losses to increase substantially as we advance the clinical development of our lead drug candidates, FLX475 and RPT193. However, the amount of our future losses is uncertain. Our ability to generate revenue from product sales and achieve or sustain profitability, if ever, will depend on, among other things, successfully developing drug candidates, obtaining regulatory approvals to market and commercialize drug candidates, manufacturing any approved products on commercially reasonable terms, entering into any future collaborations or other partnerships, establishing a sales and marketing organization or suitable third-party alternatives for any approved product and raising sufficient capital to finance our operations. If we, or any of our future partners, are unable to develop and commercialize one or more of our drug candidates, or if sales revenue from any drug candidate that receives regulatory approval is insufficient, we will not achieve or sustain profitability, which would have a material and adverse effect on our business, financial condition, results of operations and prospects.

FLX475 and RPT193 are in clinical and preclinical development, respectively, and may fail in development or suffer delays that materially and adversely affect their commercial viability.

We have no products on the market or that have gained regulatory approval and RPT193 has not entered clinical trials. Other than FLX475, none of our drug candidates has ever been tested in humans. None of our drug candidates has advanced into late-stage development or a pivotal clinical trial and it may be years before any such trial is initiated, if at all. Our ability to achieve and sustain profitability depends on us developing, obtaining regulatory approval for and successfully commercializing one or more drug candidates, either alone or with partners.
Before obtaining regulatory approval for any of our drug candidates, we must conduct extensive preclinical studies and clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. Although we have successfully completed preclinical studies and a Phase 1 clinical trial with healthy volunteers for FLX475, and are conducting a Phase 1/2 clinical trial investigating FLX475 as a single agent and in combination with pembrolizumab in a broad range of tumors, more clinical trials are needed and there is no guarantee that the FDA will permit us to conduct additional clinical trials for FLX475 or any other potential drug candidates. Further, we cannot be certain of the timely completion or outcome of our clinical trials and cannot predict if the FDA or other regulatory authorities will accept our proposed clinical programs, or if the outcome of our preclinical studies or clinical trials will ultimately support the further development of FLX475, RPT193 or any other potential drug candidates.

FLX475 and RPT193 are in clinical and preclinical development, respectively, and we are subject to the risks of failure inherent in the development of drug candidates based on novel approaches, targets and mechanisms of action. Although FLX475 is currently in a Phase 1/2 clinical trial, there is no guarantee that FLX475 will benefit patients. Additionally, although RPT193 has shown activity in several preclinical models and we plan to initiate a clinical trial for RPT193, there is no guarantee that we will be able to proceed with its clinical development or that it will benefit patients. Even though we have designed and selected our drug candidates to achieve an intended biological effect and to avoid certain others, and even if we have demonstrated this effect in preclinical models, there can be no assurance that the effect will be observed or avoided, as the case may be, in clinical trials or that the drug candidate will offer any significant clinical benefit to humans. Additionally, even though our drug candidates are designed to address the same indications as existing drugs and therapies, we have not conducted head-to-head clinical trials comparing our drug candidates with such existing drugs and therapies. Accordingly, you should consider our prospects in light of the costs, uncertainties, delays and difficulties frequently encountered by clinical and preclinical stage biopharmaceutical companies such as ours.

FLX475 is currently undergoing clinical development and testing as a single agent and in combination with pembrolizumab, which is supplied to us by Merck under our collaboration agreement with Merck. If Merck were to terminate our collaboration agreement, we may be forced to purchase pembrolizumab to continue our current and planned clinical trials or to pursue another anti-PD-1 therapy for co-administration with FLX475 in place of pembrolizumab, which may require us to restart preclinical studies or clinical trials, any of which could result in a change to our business plan and materially harm our business, financial condition, results of operations and prospects. In addition, if FLX475 is approved as a treatment in combination with pembrolizumab, then the availability of pembrolizumab for administration with FLX475 will affect our ability to commercialize FLX475. For example, if supply of pembrolizumab were constrained for any reason it could have the effect of limiting the commercial uptake of FLX475, if approved for commercial sale.

We may not have the financial resources to continue development of, or to enter into new collaborations for, FLX475 and RPT193 or any potential future drug candidates. Our position may be exacerbated if we experience any issues that delay or prevent regulatory approval of, or our ability to commercialize, a drug candidate, such as:

- negative or inconclusive results from our clinical trials or the clinical trials of others for drug candidates similar to ours, leading to a decision or requirement to conduct additional preclinical studies or clinical trials or abandon a program;
- product-related side effects experienced by participants in our clinical trials or by individuals using drugs or therapeutics similar to ours;
- delays in submitting INDs or comparable foreign applications, or delays or failure in obtaining the necessary approvals from regulators to commence a clinical trial, or a suspension or termination of a clinical trial once commenced;
conditions imposed by the FDA, or other regulatory authorities regarding the scope or design of our clinical trials;

- delays in enrolling research subjects in clinical trials;

- high drop-out rates of research subjects;

- inadequate supply or quality of drug candidate components or materials or other supplies necessary for the conduct of our clinical trials;

- greater-than-anticipated clinical trial costs;

- poor effectiveness of our drug candidates during clinical trials;

- unfavorable FDA or other regulatory agency inspection and review of a clinical trial or manufacturing site;

- failure of our third-party contractors or investigators to comply with regulatory requirements or otherwise meet their contractual obligations in a timely manner, or at all;

- delays and changes in regulatory requirements, policies and guidelines; or

- the FDA or other regulatory agencies’ data interpretation.

Further, we and our potential future partners may never receive approval to market and commercialize any drug candidate. Even if we or a potential future partner obtains regulatory approval, the approval may be for targets, disease indications or patient populations that are not as broad as we intended or desired or may require labeling that includes significant use or distribution restrictions or safety warnings. We or a potential future partner may be subject to post-marketing testing requirements to maintain regulatory approval.

If RPT193 or an RPT-GCN2i or other future drug candidate is tested in humans, it may not demonstrate the safety and efficacy necessary to support further clinical development or commercial viability.

Neither RPT193 nor an RPT-GCN2i candidate has been tested in humans. We may ultimately discover that neither RPT193 nor an RPT-GCN2i candidate possesses certain properties that we currently believe are therapeutically effective or safe. For example, although RPT193 has exhibited encouraging results in preclinical models of AD and allergic asthma, it may not demonstrate the same properties in humans and may interact with human biological systems in unforeseen, ineffective or harmful ways. As a result, we may never succeed in developing a marketable product based on RPT193. If RPT193 or any of our potential future drug candidates prove to be ineffective, unsafe or commercially unviable, our entire pipeline could have little, if any, value, which could require us to change our focus and approach to small molecule discovery and development, which would have a material and adverse effect on our business, financial condition, results of operations and prospects.

We may not be successful in our efforts to use and expand our proprietary drug discovery and development engine to build a pipeline of drug candidates, and as an organization we have no history of successfully developing drugs.

A key element of our strategy is to use and expand our proprietary drug discovery and development engine to build a pipeline of potential drug candidates and advance these drug candidates through preclinical studies and clinical development for the treatment of various diseases. As an organization, we have never developed a drug candidate through to commercialization nor have we ever conducted a pivotal clinical trial. Although our research and development efforts to date have resulted in our identification and development of
FLX475, RPT193 and other potential future drug candidates, neither our proprietary drug discovery and development engine nor our organization has a track record of success. Our current drug candidates may not be safe or effective therapeutics and we may not be able to develop any successful drug candidates. Our proprietary drug discovery and development engine is evolving and may not reach a state at which building a pipeline of drug candidates is possible. Even if we are successful in building our pipeline of drug candidates, the potential drug candidates that we identify may not be suitable for clinical development or generate acceptable clinical data, including unacceptable toxicity or other characteristics that indicate that the drug candidates are unlikely to be products that will receive marketing approval from the FDA or other regulatory authorities or achieve market acceptance. Even if the drug candidates we identify are suitable for clinical development, our lack of experience as an organization at developing drugs may cause us to fail in successfully developing the drug candidate through to commercialization. If we do not successfully develop and commercialize drug candidates, we will not be able to generate product revenue in the future.

Failure to successfully validate, develop and obtain regulatory approval for companion diagnostics for our drug candidates could harm our drug development strategy and operational results.

As one of the elements of our clinical development approach, we may seek to screen and identify subsets of patients who are more likely to benefit from our drug candidates. To achieve this, we may seek to develop and commercialize companion diagnostics by us or by third-party collaborators. Companion diagnostics are sometimes developed in conjunction with clinical programs for an associated product. The approval of a companion diagnostic as part of the product label would limit the use of the drug candidate to those patients who are more likely to benefit from our drug candidate.

Companion diagnostics are subject to regulation by the FDA and other regulatory authorities as medical devices and require separate clearance or approval prior to their commercialization. To date, the FDA has required premarket approval of all companion diagnostics for oncology therapies. We may encounter difficulties in developing and obtaining approval for these companion diagnostics. Any delay or failure by us or third-party collaborators to develop or obtain regulatory approval of a companion diagnostic could delay or prevent approval of our related drug candidates. The time and cost associated with developing a companion diagnostic may not prove to have been necessary in order to successfully market the product.

The market may not be receptive to our current or potential future drug candidates, and we may not generate any revenue from the sale or licensing of our drug candidates.

Even if regulatory approval is obtained for a drug candidate, including FLX475 or RPT193, we may not generate or sustain revenue from sales of such products. Market acceptance of our current and potential future drug candidates will depend on, among other factors:

- the timing of our receipt of any marketing and commercialization approvals;
- the terms of any approvals and the countries in which approvals are obtained;
- the safety and efficacy of our drug candidates;
- the prevalence and severity of any adverse side effects associated with our drug candidates;
- limitations or warnings contained in any labeling approved by the FDA or other regulatory authority;
- relative convenience and ease of administration of our drug candidates;
- the extent to which physicians recommend our products to their patients;
the availability of coverage and adequate government and third-party payor reimbursement;

the pricing of our products, particularly as compared to alternative treatments; and

the availability of alternative effective treatments for the disease indications our drug candidates are intended to treat and the relative risks, benefits and costs of those treatments.

If any drug candidate we commercialize fails to achieve market acceptance, it could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We may not be successful in our efforts to expand indications for approved drug candidates

Part of our drug development strategy is to clinically test and seek regulatory approval for our drug candidates in indications in which we believe there is the most evidence that we will be able to quickly generate PoC data. We then intend to expand clinical testing and seek regulatory approvals in other indications within oncology and inflammatory diseases. Conducting clinical trials for additional indications for our drug candidates requires substantial technical, financial and human resources and is prone to the risks of failure inherent in drug development. We cannot provide you any assurance that we will be successful in our effort to obtain regulatory approval for our drug candidates for additional indications even if we obtain approval for an initial indication.

If we or others later identify undesirable side effects caused by FLX475 or RPT193, our ability to market and derive revenue from the drug candidate could be compromised.

Undesirable side effects caused by FLX475, RPT193 or any other potential future drug candidate could cause regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other regulatory authorities. While we have not discovered any adverse side effects of FLX475 in healthy subjects that have limited our ability to test FLX475 in cancer patients, and we have not initiated clinical trials for RPT193 or an RPT-GCN2i candidate, it is possible that there will be undesirable side effects associated with their use. Results of our clinical trials could reveal a high and unacceptable severity and prevalence of these side effects. In such an event, our trials could be suspended or terminated, and the FDA or other regulatory authorities could order us to cease further development of or deny approval of a drug candidate for any or all targeted indications. Such side effects could also affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may materially and adversely affect our business and financial condition and impair our ability to generate revenues.

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

If any of our current or potential future drug candidates receive regulatory approval and we or others identify undesirable side effects caused by one of these products, any of the following adverse events could occur, which could result in the loss of significant revenue to us and materially and adversely affect our results of operations and business:

- regulatory authorities may withdraw their approval of the product or seize the product;
- we may be required to recall the product or change the way the product is administered to patients;
- additional restrictions may be imposed on the marketing of the particular product or the manufacturing processes for the product or any component thereof;
we may be subject to fines, injunctions or the imposition of civil or criminal penalties;

regulatory authorities may require the addition of labeling statements, such as a “black box” warning or a contraindication;

we may be required to create a Medication Guide outlining the risks of such side effects for distribution to patients;

we could be sued and held liable for harm caused to patients;

the product may become less competitive; and

our reputation may suffer.

Even if we consummate this offering, we will need substantial additional funds to advance development of drug candidates and our drug discovery and development engine, and we cannot guarantee that we will have sufficient funds available in the future to develop and commercialize our current or potential future drug candidates.

The development of biopharmaceutical drug candidates is capital-intensive. We will need substantial additional funds to expand our development, regulatory, manufacturing, marketing and sales capabilities. We have used substantial funds to develop our drug discovery and development engine, FLX475, RPT193 and other drug candidates, and we will require significant funds to continue to develop our drug discovery and development engine and conduct further research and development, including preclinical studies and clinical trials. In addition, upon the closing of this offering, we expect to incur additional costs associated with operating as a public company.

As of March 31, 2019, we had $61.8 million in cash and cash equivalents. Based on our current operating plan, we believe that our cash and cash equivalents as of March 31, 2019, together with the estimated net proceeds from this offering, will be sufficient to fund our operations through the first quarter of 2021. Our future capital requirements and the period for which we expect our existing resources to support our operations may vary significantly from what we expect. Our monthly spending levels vary based on new and ongoing research and development and other corporate activities. Because of the numerous risks and uncertainties associated with the development and commercialization of our current and potential future drug candidates and the extent to which we may enter into collaborations with third parties to participate in their development and commercialization, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated preclinical studies, clinical trials and any approved marketing and commercialization activities. The timing and amount of our operating expenditures will depend largely on:

- the timing and progress of preclinical and clinical development activities;
- the timing and progress of our advancement of our drug discovery and development engine;
- the price and pricing structure that we are able to obtain from our third-party contract manufacturers to manufacture our preclinical study and clinical trial materials and supplies;
- the number and scope of preclinical and clinical programs we decide to pursue;
- our ability to maintain our current licenses, collaboration and research and development programs, including the continued agreement of Merck to supply pembrolizumab to us for use in our clinical trials;
- our ability to establish new collaborations;
the progress of the development efforts of parties with whom we may in the future enter into collaboration and research and development agreements;

• the costs involved in obtaining, maintaining, enforcing and defending patents and other intellectual property rights;

• the cost and timing of regulatory approvals; and

• our efforts to enhance operational systems, secure sufficient laboratory space and hire additional personnel, including personnel to support development of our drug candidates and satisfy our obligations as a public company.

To date, we have primarily financed our operations through the sale of equity securities. We may seek to raise any necessary additional capital through a combination of public or private equity offerings, debt financings, collaborations, strategic alliances, licensing arrangements and other marketing and distribution arrangements. We cannot assure you that we will be successful in acquiring additional funding at levels sufficient to fund our operations or on terms favorable to us. If we are unable to obtain adequate financing when needed, we may have to delay, reduce the scope of or suspend one or more of our preclinical studies, clinical trials, research and development programs or commercialization efforts. To the extent that we raise additional capital through collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our current and potential future drug candidates, future revenue streams or research programs or to grant licenses on terms that may not be favorable to us. If we do raise additional capital through public or private equity or convertible debt offerings, the ownership interest of our existing stockholders will be diluted and the terms of these securities may include liquidation preferences or other rights that adversely affect our and our stockholders’ rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

We do not expect to realize revenue from product sales in the foreseeable future, if at all, and unless and until our current and potential future drug candidates are clinically tested, approved for commercialization and successfully marketed.

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

Because we have limited financial and managerial resources, we intend to prioritize our efforts on specific research and development programs, including clinical development of FLX475, RPT193 and an RPT-GCN2i or other future drug candidates. As a result, we may forgo or delay pursuit of other opportunities, including with potential future drug candidates that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and drug candidates for specific indications may not yield any commercially viable drug candidates. If we do not accurately evaluate the commercial potential or target market for a particular drug candidate, we may relinquish valuable rights to that drug candidate through partnership, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such drug candidate.

We may not be able to enter into collaborations or strategic transactions on acceptable terms, if at all, which could adversely affect our ability to develop and commercialize current and potential future drug candidates, impact our cash position and increase our expense.

From time to time, we may consider strategic transactions, such as collaborations, acquisitions of companies, asset purchases, joint ventures and out- or in-licensing of drug candidates or technologies. For
example, we will evaluate and, if strategically attractive, seek to enter into collaborations, including with biotechnology or pharmaceutical companies, hospitals or other third parties. The competition for partners is intense, and the negotiation process may be time-consuming and complex. If we are not able to enter into collaborations or other strategic transactions, or continue our existing collaboration, we may not have access to required liquidity or expertise to further develop our potential future drug candidates or our drug discovery and development engine. Any such collaboration, or other strategic transaction, may require us to incur non-recurring or other charges, increase our near- and long-term expenditures and pose significant integration or implementation challenges or disrupt our management or business. We may acquire additional technologies and assets, form strategic alliances or create joint ventures with third parties that we believe will complement or augment our existing business, but we may not be able to realize the benefit of acquiring such assets. Conversely, any new collaboration that we do enter into may be on terms that are not optimal for us. These transactions would entail numerous operational and financial risks, including:

- exposure to unknown liabilities;
- disruption of our business and diversion of our management’s time and attention in order to manage a collaboration or develop acquired products, drug candidates or technologies;
- incurrence of substantial debt or dilutive issuances of equity securities to pay transaction consideration or costs;
- higher-than-expected collaboration, acquisition or integration costs, write-downs of assets or goodwill or impairment charges, increased amortization expenses;
- difficulty and cost in facilitating the collaboration or combining the operations and personnel of any acquired business;
- impairment of relationships with key suppliers, manufacturers or customers of any acquired business due to changes in management and ownership; and
- the inability to retain key employees of any acquired business.

Accordingly, although there can be no assurance that we will undertake or successfully complete any collaborations or other strategic transactions of the nature described above, any transactions that we do complete may be subject to the foregoing or other risks and our business could be materially harmed by such transactions. Conversely, any failure to enter any collaboration or other strategic transaction that would be beneficial to us could delay the development and potential commercialization of our drug candidates and have a negative impact on the competitiveness of any drug candidate that reaches market.

In addition, to the extent that any of our current or future partners were to terminate a collaboration agreement, we may be forced to seek additional partnerships, which may be less favorable to us, or independently develop our current and future drug candidates, including funding preclinical studies or clinical trials, assuming marketing and distribution costs and obtaining, maintaining, enforcing and defending intellectual property rights, or, in certain instances, abandon drug candidates altogether, any of which could result in a change to our business plan and materially harm our business, financial condition, results of operations and prospects.

*If third parties on which we rely to conduct certain preclinical studies and clinical trials do not perform as contractually required, fail to satisfy regulatory or legal requirements or miss expected deadlines, our development program could be delayed with material and adverse impacts on our business and financial condition.*

We rely on third-party clinical investigators, contract research organizations (“CROs”), clinical data management organizations and consultants to design, conduct, supervise and monitor certain preclinical studies.
and any clinical trials. Because we intend to rely on these third parties and will not have the ability to conduct certain preclinical studies or clinical trials independently, we will have less control over the timing, quality and other aspects of such preclinical studies and clinical trials than if we would have had we conducted them on our own. These investigators, CROs and consultants will not be our employees and we will have limited control over the amount of time and resources that they dedicate to our programs. These third parties may have contractual relationships with other entities, some of which may be our competitors, which may draw time and resources from our programs. The third parties with which we may contract might not be diligent, careful or timely in conducting our preclinical studies or clinical trials, resulting in the preclinical studies or clinical trials being delayed or unsuccessful.

If we cannot contract with acceptable third parties on commercially reasonable terms, or at all, or if these third parties do not carry out their contractual duties, satisfy legal and regulatory requirements for the conduct of preclinical studies or clinical trials or meet expected deadlines, our clinical development programs could be delayed and otherwise adversely affected. In all events, we will be responsible for ensuring that each of our preclinical studies and clinical trials are conducted in accordance with the general investigational plan and protocols for the trial. The FDA may require preclinical studies to be conducted in accordance with good laboratory practices and clinical trials to be conducted in accordance with good clinical practices, including for designing, conducting, recording and reporting the results of preclinical studies and clinical trials to ensure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of clinical trial participants are protected. Our reliance on third parties that we do not control will not relieve us of these responsibilities and requirements. Any adverse development or delay in our clinical trials could have a material and adverse impact on our commercial prospects and may impair our ability to generate revenue.

If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

We may not be able to initiate or continue clinical trials for our current or potential future drug candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or other regulatory authorities. In particular, we are conducting a Phase 1/2 clinical trial investigating FLX475 as a single agent and in combination with pembrolizumab in a broad range of tumors. We cannot predict how difficult it will be to enroll patients for trials in these indications. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons. The enrollment of patients depends on many factors, including:

- the severity of the disease under investigation;
- the patient eligibility criteria defined in the clinical trial protocol;
- the size of the patient population required for analysis of the trial’s primary endpoints;
- the proximity and availability of clinical trial sites for prospective patients;
- the patient referral practices of physicians;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- clinicians’ and patients’ perceptions as to the potential advantages of the drug candidate being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating;
- our ability to obtain and maintain patient consents; and
- the risk that patients enrolled in clinical trials will drop out of the trials before completion.
In addition, our future clinical trials will compete with other clinical trials for drug candidates that are in the same therapeutic areas as our
drug candidates, and this competition will reduce the number and types of patients available to us, because some patients who might have opted to
enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Since the number of qualified clinical investigators is
limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number
of patients who are available for our clinical trials at such clinical trial sites. Additionally, because some of our clinical trials will be conducted in
patients with advanced solid tumors, the patients are typically in the late stages of the disease and may experience disease progression or adverse
events independent from our drug candidates, making them unenrollable for purposes of the trial and requiring additional enrollment. Delays in patient
enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these
trials and adversely affect our ability to advance the development of our drug candidates.

We may not be able to conduct, or contract others to conduct, animal testing in the future, which could harm our research and development
activities.

Certain laws and regulations relating to drug development require us to test our drug candidates on animals before initiating clinical trials
involving humans. Animal testing activities have been the subject of controversy and adverse publicity. Animal rights groups and other organizations
and individuals have attempted to stop animal testing activities by pressing for legislation and regulation in these areas and by disrupting these
activities through protests and other means. To the extent the activities of these groups are successful, our research and development activities may be
interrupted or delayed.

Because we may rely on third parties for manufacturing and supply of our drug candidates, some of which are or may be sole source vendors, for
preclinical and clinical development materials and commercial supplies, our supply may become limited or interrupted or may not be of satisfactory
quantity or quality.

We currently rely on third-party contract manufacturers for our current and future clinical trial product materials and supplies. We do not
produce any meaningful quantity of our drug candidates for clinical development, and we do not currently own manufacturing facilities for producing
such supplies. Furthermore, some of our manufacturers represent our sole source of supplies of current and future clinical development materials,
including our source for the manufacture of FLX475 and RPT193. We cannot assure you that our preclinical or current or future clinical development
product supplies and commercial supplies will not be limited or interrupted, especially with respect to our sole source third-party manufacturing and
supply partners, or will be of satisfactory quality or continue to be available at acceptable prices. In particular, any replacement of our manufacturers
could require significant effort and expertise because there may be a limited number of qualified replacements. For our current and future sole source
third-party manufacturing and supply partners, we may be unable to negotiate binding agreements with them or find replacement manufacturers to
support our preclinical and current and future clinical activities at commercially reasonable terms in the event that their services to us becomes
interrupted for any reason. We do not always have arrangements in place for a redundant or second-source supply for our sole source vendors in the
event they cease to provide their products or services to us or do not timely provide sufficient quantities to us. Establishing additional or replacement
sole source vendors, if required, may not be accomplished quickly. Any delays resulting from manufacturing or supply interruptions associated with
our reliance on third-party manufacturing and supply partners, including those that are sole source, could impede, delay, limit or prevent our drug
development efforts, which could harm our business, result of operations, financial condition and prospects.

The manufacturing process for a drug candidate is subject to FDA and other regulatory authority review. Suppliers and manufacturers must
meet applicable manufacturing requirements and undergo rigorous facility and process validation tests required by regulatory authorities in order to
comply with regulatory standards, such as current Good Manufacturing Practices (“cGMP”). If any of our manufacturers fails to comply with such
requirements or to perform its obligations to us in relation to quality, timing or otherwise, or if our supply of
components or other materials becomes limited or interrupted for other reasons, we may be forced to manufacture the materials ourselves, for which we currently do not have the capabilities or resources, or enter into an agreement with another third party, which we may not be able to do on reasonable terms, or at all. In some cases, the technical skills or technology required to manufacture our current and future drug candidates may be unique or proprietary to the original manufacturer and we may have difficulty transferring such skills or technology to another third party and a feasible alternative may not exist. These factors would increase our reliance on such manufacturer or require us to obtain a license from such manufacturer in order to have another third-party manufacture our drug candidates. If we are required to change manufacturers for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with quality standards and with all applicable regulations and guidelines. The delays associated with the verification of a new manufacturer could negatively affect our ability to develop drug candidates in a timely manner or within budget.

We also expect to rely on third-party manufacturers if we receive regulatory approval for any drug candidate. We have existing, and may enter into future, manufacturing arrangements with third parties. We will depend on these third parties to perform their obligations in a timely manner consistent with contractual and regulatory requirements, including those related to quality control and assurance. If we are unable to obtain or maintain third-party manufacturing for any drug candidate, or to do so on commercially reasonable terms, we may not be able to develop and commercialize our drug candidates successfully. Our or a third party’s failure to execute on our manufacturing requirements and comply with cGMP could adversely affect our business in a number of ways, including:

- an inability to initiate or continue clinical trials of drug candidates under development;
- delay in submitting regulatory applications, or receiving regulatory approvals, for drug candidates;
- loss of the cooperation of a potential future partner;
- subjecting third-party manufacturing facilities or our potential future manufacturing facilities to additional inspections by regulatory authorities;
- requirements to cease distribution or to recall batches of drug candidates; and
- in the event of approval to market and commercialize a drug candidate, an inability to meet commercial demands for our products.

Our third-party manufacturers may be unable to successfully scale manufacturing of FLX475, RPT193 or potential future drug candidates in sufficient quality and quantity, which would delay or prevent us from developing drug candidates and commercializing approved products, if any.

In order to conduct further clinical trials for FLX475 and RPT193 as well as any potential future drug candidates, we will need to manufacture large quantities of these drug candidates. We may continue to use third parties for our manufacturing needs. Our manufacturing partners may be unable to successfully increase the manufacturing capacity for any current or potential future drug candidate 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 the manufacture of any current or potential future drug candidate in sufficient quality and quantity, the development, testing and clinical trials of that drug candidate may be delayed or infeasible, and regulatory approval or commercial launch of any potential resulting product may be delayed or not obtained, which could significantly harm our business.
If the market opportunities for our current and potential future drug candidates, including FLX475 and RPT193, are smaller than we believe they are, our ability to generate product revenues may be adversely affected and our business may suffer.

Our understanding of the number of people who suffer from certain types of cancers and allergic inflammatory diseases that FLX475 and RPT193, respectively, may have the potential to treat is based on estimates. These estimates may prove to be incorrect, and new studies may demonstrate or suggest a lower estimated incidence or prevalence of these diseases. The number of patients in the United States or elsewhere may turn out to be lower than expected, may not be otherwise amenable to treatment with our current or potential future drug candidates or patients may become increasingly difficult to identify and access, all of which would adversely affect our business prospects and financial condition. In particular, the treatable population for our candidates may further be reduced if our estimates of addressable populations are erroneous or sub-populations of patients do not derive benefit from FLX475 or RPT193.

Further, there are several factors that could contribute to making the actual number of patients who receive our current or potential future drug candidates less than the potentially addressable market, including the lack of widespread limited reimbursement for new therapies in many markets.

We face intense competition from entities that have developed or may develop drug candidates for the treatment of the diseases that we are currently targeting or may target in the future. If these companies develop technologies or drug candidates more rapidly than we do, or if their technologies or drug candidates are more effective, our ability to develop and successfully commercialize drug candidates may be adversely affected.

The development and commercialization of drugs and therapeutic biologics is highly competitive. We compete with a variety of large pharmaceutical companies, multinational biopharmaceutical companies, other biopharmaceutical companies and specialized biotechnology companies, as well as technology being developed at universities and other research institutions. Our competitors are often larger and better funded than we are. Our competitors have developed, are developing or will develop drug candidates and processes competitive with ours. Competitive therapeutic treatments include those that have already been approved and accepted by the medical community and any new treatments that are currently under development or that enter the market. We believe that a significant number of products are currently under development, and may become commercially available in the future, for the treatment of conditions for which we are developing or may try to develop drug candidates. There is intense and rapidly evolving competition in the biotechnology, biopharmaceutical, immuno-oncology and inflammation fields.

We are aware of a number of companies that are developing biologics and small molecule drugs for the treatment of cancer and inflammatory diseases. Many of these companies are well-capitalized and, in contrast to us, have significant clinical experience, and may include our future partners. In addition, these companies compete with us in recruiting scientific and managerial talent. Our success will partially depend on our ability to obtain, maintain, enforce and defend patents and other intellectual property rights with respect to small molecule drugs or biologics that are safer and more effective than competing products. Our commercial opportunity and success will be reduced or eliminated if competing products that are safer, more effective, or less expensive than the drugs we develop are or become available.

We expect to compete with small molecule, biologics and other therapeutic platforms and development companies, including, but not limited to, companies such as ChemoCentryx, Tusk/Roche and Agenus/Gilead for oncology, and Demira and AnaptyxsBio for inflammatory diseases. In addition, we expect to compete with large, multinational pharmaceutical companies that discover, develop and commercialize small molecule drugs and other therapeutics for use in treating cancer and inflammatory diseases such as AbbVie, Amgen, AstraZeneca plc, Bristol-Myers Squibb, GlaxoSmithKline, Incyte, Kyowa Hakko Kirin, Merek, Novartis, Pfizer, Roche/Genentech and Sanofi/Regeneron. If FLX475, RPT193 or an RPT-GCN2i or other future drug candidate is eventually approved, it will compete with a range of treatments that are either in development or currently marketed.
Many of our competitors have significantly greater financial, technical, manufacturing, marketing, sales and supply resources or experience than we do. If we successfully obtain approval for any drug candidate, we will face competition based on many different factors, including the safety and effectiveness of our products, the ease with which our products can be administered, the timing and scope of regulatory approvals for these products, the availability and cost of manufacturing, marketing and sales capabilities, price, reimbursement coverage and patent position. Competing products could present superior treatment alternatives, including by being more effective, safer, less expensive or marketed and sold more effectively than any products we may develop. Competitive products may make any product we develop obsolete or noncompetitive before we recover the expense of developing and commercializing such product. Such competitors could also recruit our employees, which could negatively impact our level of expertise and our ability to execute our business plan.

Any inability to attract and retain qualified key management, technical personnel and employees would impair our ability to implement our business plan.

Our success largely depends on the continued service of key management, advisors and other specialized personnel, including Brian Wong, M.D., Ph.D., our President and Chief Executive Officer, William Ho, M.D., Ph.D., our Chief Medical Officer, Dirk Brockstedt, Ph.D., our Chief Scientific Officer, David Wustrow, Ph.D., our Senior Vice President of Drug Discovery and Preclinical Development, Paul Kassner, Ph.D., our Vice President, Quantitative and Computational Biology, Karen C. Lam, our Vice President, Finance and Corporate Controller, and Erin Campany, our Vice President, Human Resources, as well as our ability to attract and retain other highly qualified personnel. We have a written employment agreement with each of Dr. Wong, Dr. Ho, Dr. Brockstedt, Dr. Wustrow, Dr. Kassner, Ms. Lam and Ms. Campany. The loss of one or more members of our executive team, management team or other key employees or advisors could delay our research and development programs and have a material and adverse effect on our business, financial condition, results of operations and prospects.

The relationships that our key managers have cultivated within our industry make us particularly dependent upon their continued employment with us. We are dependent on the continued service of our technical personnel because of the highly technical nature of our drug candidates and technologies and the specialized nature of the regulatory approval process. Because our management team and key employees are not obligated to provide us with continued service, they could terminate their employment with us at any time without penalty.

Our future success will also depend in large part on our ability to attract and retain other highly qualified scientific, technical and management personnel, as well as personnel with expertise in clinical testing, manufacturing, governmental regulation and commercialization. We face significant competition for personnel from other companies, universities, public and private research institutions, government entities and other organizations.

As of June 30, 2019, we had 62 full-time employees. Our focus on the development of FLX475, RPT193 and an RPT-GCN2i and other potential future drug candidates will require adequate staffing. We may need to hire and retain new employees to execute our future clinical development and manufacturing plans. We cannot provide assurance that we will be able to hire or retain adequate staffing levels to develop our current and potential future drug candidates or to run our operations or to accomplish all of our objectives.

We may experience difficulties in managing our growth and expanding our operations.

We have limited experience in product development. As our current and potential future drug candidates enter and advance through preclinical studies and any clinical trials, we will need to expand our development, regulatory and manufacturing capabilities or contract with other organizations to provide these capabilities for us.

We may also experience difficulties in the discovery and development of potential future drug candidates using our drug discovery and development engine if we are unable to meet demand as we grow our
We currently have no sales, marketing or distribution capabilities or experience. We will need to develop internal sales, marketing and distribution capabilities to commercialize each current and potential future drug candidate that gains FDA approval, which would be expensive and time-consuming, or enter into partnerships with third parties to perform these services. If we decide to market any approved products directly, we will need to establish and maintain marketing and distribution arrangements with third parties, and there can be no assurance that we will be able to enter into such arrangements on acceptable terms or at all. In entering into third-party marketing or distribution arrangements, any revenue we receive will depend upon the efforts of the third parties and we cannot assure you that such third parties will establish adequate sales and distribution capabilities or be successful in gaining market acceptance for any approved product. If we are not successful in commercializing any product approved in the future, either on our own or through third parties, our business and results of operations could be materially and adversely affected.

Our present and potential future international operations may expose us to business, political, operational, and financial risks associated with doing business outside of the United States.

Our business is subject to risks associated with conducting business internationally. Some of our suppliers and clinical trial centers are located outside of the United States. Furthermore, if we or any future collaborator succeeds in developing any products, we anticipate marketing them in the European Union and other jurisdictions in addition to the United States. If approved, we or our collaborator may hire sales representatives and conduct physician and patient association outreach activities outside of the United States. Doing business internationally involves a number of risks, including but not limited to:

- multiple, conflicting and changing laws and regulations such as privacy regulations, tax laws, export and import restrictions, employment laws, regulatory requirements, and other governmental approvals, permits and licenses;
- failure by us to obtain and maintain regulatory approvals for the use of our products in various countries;
- rejection or qualification of foreign clinical trial data by the competent authorities of other countries;
- additional potentially relevant third-party patent and other intellectual property rights that may be necessary to develop and commercialize our products and drug candidates;
- complexities and difficulties in obtaining, maintaining, enforcing and defending our patent and other intellectual property rights;
difficulties in staffing and managing foreign operations;

complexities associated with managing multiple payor reimbursement regimes, government payors or patient self-pay systems;

limits in our ability to penetrate international markets;

financial risks, such as longer payment cycles, difficulty collecting accounts receivable, the impact of local and regional financial crises on demand and payment for our products and exposure to foreign currency exchange rate fluctuations;

natural disasters, political and economic instability, including wars, terrorism and political unrest, outbreak of disease, boycotts, curtailment of trade and other business restrictions, implementation of tariffs;

certain expenses including, among others, expenses for travel, translation and insurance; and

regulatory and compliance risks that relate to anti-corruption compliance and record-keeping that may fall within the purview of the U.S. Foreign Corrupt Practices Act, its accounting provisions or its anti-bribery provisions or provisions of anti-corruption or anti-bribery laws in other countries.

Any of these factors could harm our ongoing international clinical operations and supply chain, as well as any future international expansion and operations and, consequently, our business, financial condition, prospects and results of operations.

Our future growth may depend, in part, on our ability to operate in foreign markets, where we would be subject to additional regulatory burdens and other risks and uncertainties.

Our future growth may depend, in part, on our ability to develop and commercialize drug candidates in foreign markets for which we may rely on partnering with third parties. We will not be permitted to market or promote any drug candidate before we receive regulatory approval from the applicable regulatory authority in a foreign market, and we may never receive such regulatory approval for any drug candidate. To obtain separate regulatory approval in foreign countries, we generally must comply with numerous and varying regulatory requirements of such countries regarding safety and efficacy and governing, among other things, clinical trials and commercial sales, pricing and distribution of a drug candidate, and we cannot predict success in these jurisdictions. If we obtain approval of any of our current or potential future drug candidates and ultimately commercialize any such drug candidate in foreign markets, we would be subject to risks and uncertainties, including the burden of complying with complex and changing foreign regulatory, tax, accounting and legal requirements and the reduced protection of intellectual property rights in some foreign countries.

Price controls imposed in foreign markets may adversely affect our future profitability.

In some countries, particularly member states of the European Union, the pricing of prescription drugs is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after receipt of marketing approval for a product. In addition, there can be considerable pressure exerted by governments and other stakeholders on prices and reimbursement levels, including as part of cost-containment measures. Political, economic and regulatory developments, in the United States or internationally, may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various European Union member states and parallel distribution, or arbitrage between low-priced and high-priced member states, can further reduce prices. In some countries, we or future partners may be required to conduct clinical trials or other studies that compare the cost-effectiveness of a drug candidate to other available therapies in order to obtain or maintain reimbursement or
pricing approval. Publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If reimbursement of any current or potential future drug candidate that is approved for marketing in the future is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business and results of operations or prospects could be materially and adversely affected and our ability to commercialize such drug candidate could be materially impaired.

Our business entails a significant risk of product liability, and our inability to obtain sufficient insurance coverage could have a material and adverse effect on our business, financial condition, results of operations and prospects.

As we conduct clinical trials of FLX475 and preclinical studies of RPT193, we will be exposed to significant product liability risks inherent in the development, testing, manufacturing and marketing of cancer and inflammatory disease treatments. Product liability claims could delay or prevent completion of our development programs. If we succeed in marketing products, such claims could result in an FDA investigation of the safety and effectiveness of our products, our manufacturing processes and facilities or our marketing programs and potentially a recall of our products or more serious enforcement action, limitations on the approved indications for which they may be used or suspension or withdrawal of approvals. Regardless of the merits or eventual outcome, liability claims may also result in decreased demand for our products, injury to our reputation, costs to defend the related litigation, a diversion of management’s time and our resources, substantial monetary awards to trial participants or patients and a decline in our stock price. Any insurance we have or may obtain may not provide sufficient coverage against potential liabilities. Furthermore, clinical trial and product liability insurance is becoming increasingly expensive. As a result, our partners or we may be unable to obtain sufficient insurance at a reasonable cost to protect us against losses caused by product liability claims that could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our employees, principal investigators, consultants and commercial partners may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk of fraud or other misconduct by our employees, principal investigators, consultants and commercial partners. Misconduct by employees could include intentional failures to comply with FDA regulations, provide accurate information to the FDA, comply with manufacturing standards we may establish, comply with federal and state healthcare fraud and abuse laws and regulations, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended 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 programs and other business arrangements. Such misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter misconduct, 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 or regulations. 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 material and adverse effect on our business and financial condition, including the imposition of significant criminal, civil, and administrative fines or other sanctions, such as monetary penalties, damages, fines, disgorgement, imprisonment, exclusion from participation in government-funded healthcare programs, such as Medicare and Medicaid, integrity obligations, reputational harm and the curtailment or restructuring of our operations.
Failure to comply with health and data protection laws and regulations could lead to government enforcement actions (which could include civil or criminal penalties), private litigation or adverse publicity and could negatively affect our operating results and business.

We and our current and any of our future collaborators may be subject to federal, state and foreign data protection laws and regulations (i.e., laws and regulations that address privacy and data security). In the United States, numerous federal and state laws and regulations, including federal health information privacy laws (e.g., the Health Insurance Portability and Accountability Act (“HIPAA”), as amended by the Health Information Technology for Economic and Clinical Health Act (“HITECH”), state data breach notification laws, state health information privacy laws and federal and state consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), that govern the collection, use, disclosure and protection of health-related and other personal information could apply to our operations or the operations of our collaborators. In addition, we may obtain health information from third parties (including research institutions from which we obtain clinical trial data) that are subject to privacy and security requirements under HIPAA, as amended by HITECH, or other privacy and data security laws. Depending on the facts and circumstances, we could be subject to criminal penalties if we knowingly obtain, use, or disclose individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA.

International data protection laws, including Regulation 2016/679, known as the General Data Protection Regulation (“GDPR”) may also apply to health-related and other personal information obtained outside of the United States. The GDPR went into effect on May 25, 2018. The GDPR introduced new data protection requirements in the European Union, as well as potential fines for noncompliant companies of up to the greater of €20 million or 4% of annual global revenue. The regulation imposes numerous new requirements for the collection, use, storage and disclosure of personal information, including more stringent requirements relating to consent and the information that must be shared with data subjects about how their personal information is used, the obligation to notify regulators and affected individuals of personal data breaches, extensive new internal privacy governance obligations and obligations to honor expanded rights of individuals in relation to their personal information (e.g., the right to access, correct and delete their data). In addition, the GDPR includes restrictions on cross-border data transfers. The GDPR increased our responsibility and liability in relation to personal data that we process where such processing is subject to the GDPR, and we may be required to put in place additional mechanisms to ensure compliance with the GDPR, including as implemented by individual countries. Further, the United Kingdom’s vote in favor of exiting the EU, often referred to as Brexit, has created uncertainty with regard to data protection regulation in the United Kingdom. In particular, it is unclear how data transfers to and from the United Kingdom will be regulated.

In addition, California recently enacted the California Consumer Privacy Act (“CCPA”), which creates new individual privacy rights for California consumers (as defined in the law) and places increased privacy and security obligations on entities handling personal data of consumers or households. The CCPA will require covered companies to provide new disclosure to consumers about such companies’ data collection, use and sharing practices, provide such consumers new ways to opt-out of certain sales or transfers of personal information, and provide consumers with additional causes of action. The CCPA goes into effect on January 1, 2020, and the California Attorney General may bring enforcement actions for violations beginning July 1, 2020. The CCPA was amended on September 23, 2018, and it remains unclear what, if any, further modifications will be made to this legislation or how it will be interpreted. As currently written, the CCPA may impact our business activities and exemplifies the vulnerability of our business to the evolving regulatory environment related to personal data and protected health information.

Compliance with U.S. and international data protection laws and regulations could require us to take on more onerous obligations in our contracts, restrict our ability to collect, use and disclose data, or in some cases, impact our ability to operate in certain jurisdictions. Failure to comply with U.S. and international data protection laws and regulations could result in government enforcement actions (which could include civil or criminal penalties), private litigation or adverse publicity and could negatively affect our operating results and business.
Moreover, clinical trial subjects about whom we or any of our potential collaborators obtain information, as well as the providers who share this information with us, may contractually limit our ability to use and disclose the information. Claims that we have violated individuals’ privacy rights, failed to comply with data protection laws, or breached our contractual obligations, even if we are not found liable, could be expensive and time consuming to defend and could result in adverse publicity that could harm our business.

If we, our CROs or our IT vendors experience security or data privacy breaches or other unauthorized or improper access to, use of, or destruction of personal data, we may face costs, significant liabilities, harm to our brand and business disruption.

In connection with our drug discovery and development engine and efforts, we or our CROs may collect and use a variety of personal data, such as name, mailing address, email addresses, phone number and clinical trial information. Although we have extensive measures in place to prevent the sharing and loss of patient data in our sample collection process associated with our drug discovery and development engine, any failure to prevent or mitigate security breaches or improper access to, use of, or disclosure of our clinical data or patients’ personal data could result in significant liability under state (e.g., state breach notification laws), federal (e.g., HIPAA, as amended by HITECH), and international law (e.g., the GDPR). Any failure to prevent or mitigate security breaches or improper access to, use of, or disclosure of our clinical data or patients’ personal data may cause a material adverse impact to our reputation, affect our ability to conduct new studies and potentially disrupt our business. We may also rely on third-party IT vendors to host or otherwise process some of our data and that of users, and any failure by such IT vendor to prevent or mitigate security breaches or improper access to or disclosure of such information could have similarly adverse consequences for us. If we are unable to prevent or mitigate the impact of such security or data privacy breaches, we could be exposed to litigation and governmental investigations, which could lead to a potential disruption to our business.

We depend on sophisticated information technology systems to operate our business and a cyber-attack or other breach of these systems could have a material adverse effect on our business.

We rely on information technology systems that we or our CROs or other vendors, contractors or consultants operate to process, transmit and store electronic information in our or their day-to-day operations. The size and complexity of such information technology systems makes them vulnerable to a cyber-attack, malicious intrusion, breakdown, destruction, loss of data privacy or other significant disruption. A successful attack could result in the theft or destruction of intellectual property, data, or other misappropriation of assets, or otherwise compromise our confidential or proprietary information and disrupt our operations. Cyber-attacks are becoming more sophisticated and frequent. We have invested in our systems and the protection and recoverability of our data to reduce the risk of an intrusion or interruption, and we monitor and test our systems on an ongoing basis for any current or potential threats. There can be no assurance that these measures and efforts will prevent future interruptions or breakdowns. If we or our CROs or other vendors, contractors or consultants fail to maintain or protect our information technology systems and data integrity effectively or fail to anticipate, plan for or manage significant disruptions to these systems, we or they could have difficulty preventing, detecting and controlling such cyber-attacks and any such attacks could result in losses described above as well as disputes with physicians, patients and our partners, regulatory sanctions or penalties, increases in operating expenses, expenses or lost revenues or other adverse consequences, any of which could have a material adverse effect on our business, results of operations, financial condition, prospects and cash flows.

Our information technology and other internal infrastructure systems, including corporate firewalls, servers, leased lines and connection to the internet, face the risk of systemic failure that could disrupt our operations. A significant disruption in the availability of our information technology and other internal infrastructure systems could cause interruptions and delays in our research and development work.
If we do not comply with laws regulating the protection of the environment and health and human safety, our business could be adversely affected.

Our research, development and manufacturing involves the use of hazardous materials and various chemicals. We maintain quantities of various flammable and toxic chemicals in our facilities that are required for our research, development and manufacturing activities. We are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials. We believe our procedures for storing, handling and disposing of these materials in our facilities comply with the relevant guidelines of the state of California and the Occupational Safety and Health Administration of the U.S. Department of Labor. Although we believe that our safety procedures for handling and disposing of these materials comply with the standards mandated by applicable regulations, the risk of accidental contamination or injury from these materials cannot be eliminated. If an accident occurs, we could be held liable for resulting damages, which could be substantial. We are also subject to numerous environmental, health and workplace safety laws and regulations, including those governing laboratory procedures, exposure to blood-borne pathogens and the handling of animals and biohazardous materials. 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 these materials, this insurance may not provide adequate coverage against potential liabilities. Although we have some environmental liability insurance covering certain of our facilities, we may not maintain adequate insurance for all environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological or hazardous materials. Additional federal, state and local laws and regulations affecting our operations may be adopted in the future. We may incur substantial costs to comply with, and substantial fines or penalties if we violate, any of these laws or regulations.

Our current operations are concentrated in one location, and we or the third parties upon whom we depend may be adversely affected by natural or other disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Our current operations are concentrated in the San Francisco Bay Area. Any unplanned event, such as earthquake, flood, fire, explosion, extreme weather, medical epidemic, power shortage, telecommunication failure or other natural or manmade accidents or incidents that result in us being unable to fully utilize our facilities or the manufacturing facilities of our third-party contract manufacturers, or lose our repository of preclinical and clinical human samples and other valuable laboratory samples, may have a material and adverse effect on our ability to operate our business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. Loss of access to these facilities may result in increased costs, delays in the development of our drug candidates or interruption of our business operations. Natural disasters such as earthquakes or wildfires, both of which are prevalent in Northern California, floods or tsunamis could further disrupt our operations, and have a material negative impact on our business, financial condition, results of operations and prospects. If a natural disaster, power outage or other event occurred that prevented us from using all or a significant portion of our headquarters, that damaged critical infrastructure, such as our research facilities or the manufacturing facilities of our third-party contract manufacturers, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we have in place may prove inadequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which could have a material adverse effect on our business. As part of our risk management policy, we maintain insurance coverage at levels that we believe are appropriate for our business. However, in the event of an accident or incident at these facilities, we cannot assure you that the amounts of insurance will be sufficient to satisfy any damages and losses. If our facilities, or the manufacturing facilities of our third-party contract manufacturers, are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our research and development programs may be harmed. Any business interruption may have a material and adverse effect on our business and financial condition.
If we are unable to obtain, maintain, enforce or defend intellectual property rights related to our technology and current or future drug candidates, or if our intellectual property rights are inadequate, we may not be able to compete effectively.

Our success depends in large part on our ability to obtain and maintain protection in the United States and other countries for our intellectual property rights and proprietary technology. We rely on patents and other forms of intellectual property rights to protect our current or future drug discovery and development engine, drug candidates, methods used to manufacture our current or future drug candidates, and methods for treating patients using our current or future drug candidates. We do not currently own any patents or patent applications relating to our proprietary drug discovery and development engine.

The patent prosecution process is expensive, complex and time-consuming. Patent license negotiations also can be complex and protracted, with uncertain results. We may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patents and patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors, and other third parties, 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. The patent applications that we own or may in-license may fail to result in issued patents, and, even if they do issue as patents, such patents may not cover our current or future technologies or drug candidates in the United States or in other countries or provide sufficient protection from competitors. In addition, the coverage claimed in a patent application can be significantly reduced before the patent is issued and its scope can be reinterpreted after issuance.

Further, although we make reasonable efforts to ensure patentability of our inventions, we cannot guarantee that all of the potentially relevant prior art relating to our patent applications and any issued patents we obtain has been found. For example, publications of discoveries in 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, and in some cases not at all. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our drug discovery and development engine, our drug candidates or the use of our technologies. We thus cannot know with certainty whether we or any of our future licensors were the first to make the inventions claimed in our pending patent applications or any issued patents we obtain, or that we or our any of our future licensors were the first to file for patent protection of such inventions. For this reason, and because there is no guarantee that any prior art search is absolutely correct and comprehensive, we may be unaware of prior art that could be used to invalidate an issued patent or to prevent our pending patent applications from issuing as patents.Invalidation of any of our patent rights, including in-licensed patent rights, could materially harm our business, financial condition, results of operations and prospects.

Moreover, the patent positions of biopharmaceutical companies are generally uncertain because they may involve complex legal and factual considerations that have, in recent years, been the subject of legal development and change. As a result, the issuance, scope, validity, enforceability and commercial value of our pending patent rights is uncertain. The standards applied by the United States Patent and Trademark Office (“USPTO”), and foreign patent offices in granting patents are not always certain and moreover, are not always applied uniformly or predictably. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in patents. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patent rights or narrow the scope of our patent protection.
Even if patents do successfully issue and even if such patents cover our current or any future technologies or drug candidates, third parties may challenge their validity, enforceability or scope, which may result in such patents being narrowed, invalidated, or held unenforceable. Any successful challenge to any patents we own or may in-license could deprive us of rights necessary for the successful commercialization of any current or future technologies or drug candidates that we may develop. Likewise, if patent applications we own or may in-license with respect to our development programs and current or future technologies or drug candidates fail to issue, if their breadth or strength is threatened, or if they fail to provide meaningful exclusivity, other companies could be dissuaded from collaborating with us to develop current or future technologies or drug candidates. Lack of valid and enforceable patent protection could threaten our ability to commercialize current or future products and could prevent us from maintaining exclusivity with respect to the invention or feature claimed in the patent applications. Any failure to obtain or any loss of patent protection could have a material adverse impact on our business and ability to achieve profitability. We may be unable to prevent competitors from entering the market with a product that is similar to or the same as FLX475, RPT193 or an RPT-GCN2i or other future drug candidates that emerge from our discovery program.

The filing of a patent application or the issuance of a patent is not conclusive as to its ownership, inventorship, scope, patentability, validity or enforceability. Issued patents and patent applications may be challenged in the courts and in the patent office in the United States and abroad. For example, our patent applications or patent applications filed by any of our future licensors may be challenged through third-party submissions, opposition or derivation proceedings. By further example, issued patents may be challenged through reexamination, inter partes review or post-grant review proceedings before the USPTO or patent offices in other jurisdictions, or in declaratory judgment actions or counterclaims. An adverse determination in any such submission, proceeding or litigation could prevent the issuance of, reduce the scope of, invalidate or render unenforceable our patent rights; limit our ability to stop others from using or commercializing similar or identical products; allow third parties to compete directly with us without payment to us; or result in our inability to manufacture or commercialize products without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our patent rights is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future drug candidates. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

Moreover, some of our intellectual property, including patents and patent applications, are or may in the future be co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners’ interest in such intellectual property, including patents or patent applications, 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. We may need the cooperation of any such co-owners of our patent rights to enforce such patent rights 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 prospects and financial conditions.

If we fail to comply with our obligations under any license, collaboration or other intellectual property-related agreements, we may be required to pay damages and could lose intellectual property rights that may be necessary for developing, commercializing and protecting our current or future technologies or drug candidates or we could lose certain rights to grant sublicenses.

Any license, collaboration or other intellectual property-related agreements impose, and any future license, collaboration or other intellectual property-related agreements we enter into are likely to impose, various development, commercialization, funding, milestone, royalty, diligence, sublicensing, insurance, patent prosecution and enforcement or other obligations on us. If we breach any of these obligations, or use the intellectual property licensed to us in an unauthorized manner, we may be required to pay damages and the licensor may have the right to terminate the license. In spite of our best efforts, any of our future licensors might conclude that we have materially breached our license agreements and might therefore terminate the license agreements, thereby removing our ability to develop and commercialize products and technologies covered by
these license agreements. Any license agreements we enter into may be 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 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 prospects.

We may seek to obtain licenses from licensors in the future, however, we may be unable to obtain any such licenses at a reasonable cost or on reasonable terms, if at all. In addition, any of our future licensors terminate any such license agreements, such license termination could result in our inability to develop, manufacture and sell products that are covered by the licensed technology or could enable a competitor to gain access to the licensed technology. Any of these events could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and ability to achieve profitability.

Furthermore, we may not have the right to control the preparation, filing, prosecution, maintenance, enforcement and defense of patents and patent applications that we license from third parties. Therefore, we cannot be certain that these patents and patent applications will be prepared, filed, prosecuted, maintained, enforced and defended in a manner consistent with the best interests of our business. If our future licensors fail to prosecute, maintain, enforce and defend patents we may in-license, or lose rights to licensed patents or patent applications, our license rights may be reduced or eliminated. In such circumstances, our right to develop and commercialize any of our products or drug candidates that is the subject of such licensed rights could be materially adversely affected. In certain circumstances, our licensed patent rights are subject to our reimbursing our licensors for their patent prosecution and maintenance costs.

Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing, misappropriating or otherwise violating the licensor’s intellectual property rights and the amount of any damages or future royalty obligations that would result if any such claims were successful would depend on the technology and intellectual property we use in products that we successfully develop and commercialize, if any. Therefore, even if we successfully develop and commercialize products, we may be unable to achieve or maintain profitability.

**Patent terms may not be able to protect our competitive position for an adequate period of time with respect to our current or future technologies or drug candidates.**

Patents have a limited lifespan. In the United States, the standard patent term is typically 20 years after filing. Various extensions may be available. Even so, the life of a patent and the protection it affords are limited. As a result, our patent portfolio provides us with limited rights that may not last for a sufficient period of time to exclude others from commercializing products similar or identical to ours. For example, given the large amount of time required for the research, development, testing and regulatory review of new drug candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized.

Extensions of patent term may be available, but there is no guarantee that we would succeed in obtaining any particular extension—and no guarantee any such extension would confer patent term for a sufficient period of time to exclude others from commercializing products similar or identical to ours. In the United States, the Drug Price Competition and Patent Term Restoration Act of 1984 permits a patent term extension of up to five years beyond the normal expiration of the patent, which is limited to the approved indication (or any additional indications approved during the period of extension). A patent term extension cannot extend the remaining term of a patent beyond 14 years from the date of product approval; only one patent may be extended; and extension is available for only those claims covering the approved drug, a method for using it, or a method for manufacturing it. The applicable authorities, including the FDA and the USPTO in the United States, and any equivalent regulatory authority in other countries, may not agree with our assessment of whether such extensions are available, and may refuse to grant extensions to any patents we obtain, or may grant
Changes in U.S. patent law or the patent law of other countries or jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our current or any future technologies or drug candidates.

Changes in either the patent laws or interpretation of the patent laws in the United States or elsewhere could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. The United States has enacted and implemented wide-ranging patent reform legislation. On September 16, 2011, the Leahy-Smith America Invents Act (the “Leahy-Smith Act”), was signed into law, which could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any issued patents we obtain. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted, redefine prior art, may affect patent litigation and switch the U.S. patent system from a “first-to-invent” system to a “first-to-file” system. Under a first-to-file system, assuming the other requirements for patentability are met, the first inventor to file a patent application generally will be entitled to the patent on an invention regardless of whether another inventor had made the invention earlier. These provisions also allow third-party submission of prior art to the USPTO during patent prosecution and set forth additional procedures to challenge the validity of a patent by the USPTO administered post grant proceedings, including derivation, reexamination, inter partes review, post-grant review and interference proceedings. The USPTO developed additional regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and, in particular, the first-to-file provisions, became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. The Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any issued patents we obtain, all of which could have a material adverse impact on our business prospects and financial condition.

As referenced above, for example, courts in the U.S. continue to refine the heavily fact-and-circumstance-dependent jurisprudence defining the scope of patent protection available for therapeutics, narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. This creates uncertainty about our ability to obtain patents in the future and the value of such patents. We cannot provide assurance that future developments in U.S. Congress, the federal courts and the USPTO will not adversely impact our patent rights. The laws and regulations governing patents could change in unpredictable ways that could weaken our and our licensors’ ability to obtain new patents or to enforce our existing patent rights or patent rights that we might obtain or in-license in the future. Similarly, changes in patent law and regulations in other countries or jurisdictions or changes in the governmental bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may have a material adverse effect on our and our licensors’ ability to obtain new patents or to protect and enforce our owned or in-licensed patent rights or patent rights that we may obtain or in-license in the future.

Other companies or organizations may challenge our patent rights or may assert patent rights that prevent us from developing and commercializing our current or future products.

Third parties may attempt to invalidate our intellectual property rights. Even if such rights are not directly challenged, disputes could lead to the weakening of our intellectual property rights. Our defense against any attempt by third parties to circumvent or invalidate our intellectual property rights could be costly to us,
could require significant time and attention of our management, and could have a material and adverse impact on our profitability, financial condition and prospects or ability to successfully compete.

Further, we cannot guarantee that we are aware of all patents and patent applications potentially relevant to our technology or products. There may be issued and pending patents that claim aspects of our current or potential future drug candidates and modifications that we may need for our current or potential future drug candidates. We may not be aware of potentially relevant third-party patents or applications for several reasons. For example, U.S. applications filed before November 29, 2000, and certain U.S. applications filed after that date that will not be filed outside the U.S. remain confidential until patents issue. Patent applications in the United States and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our drug candidates or technologies could have been filed by others without our knowledge. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our drug candidates or the use of our technologies.

We may be subject to priority disputes, inventorship disputes and similar proceedings that could, if resolved unfavorably, narrow the scope of our intellectual property protection. We cannot provide any assurances that third-party patents do not exist which might be enforced against our drug candidates or technologies or future methods or products, resulting in either an injunction prohibiting our manufacture or sales, or, with respect to our sales, an obligation on our part to pay royalties or other forms of compensation to third parties, which could be significant.

Thus, it is possible that one or more third parties will hold patent rights to which we will need a license, which may not be available on reasonable terms or at all. If such third parties refuse to grant us a license to such patent rights on reasonable terms or at all, we may be required to expend significant time and resources to redesign our technology, drug candidates or the methods for manufacturing our drug candidates, or to develop or license replacement technology, all of which may not be commercially or technically feasible. In such case, we may not be able to market such technology or drug candidates and may not be able to perform research and development or other activities covered by these patents. This could have a material adverse effect on our ability to commercialize our drug candidates and our business and financial condition.

We may not be able to protect our intellectual property rights throughout the world, which could negatively impact our business.

Filing, prosecuting and defending patents on current or future technologies or drug candidates in all countries throughout the world would be prohibitively expensive. Competitors or other third parties may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export infringing products to territories where we have patent protection or licenses but enforcement is not as strong as that in the United States. These products may compete with our products, and our patent or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Additionally, the laws of some foreign jurisdictions do not protect intellectual property rights to the same extent as the laws in the United States. 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. Many companies have encountered significant difficulties in protecting and defending intellectual property rights in such foreign jurisdictions. The legal systems of certain countries, including certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, particularly those relating to biotechnology, which could make it difficult for us to stop the infringement of our patent rights or the marketing of competing products in violation of our intellectual property and proprietary rights generally. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and could divert our efforts and attention from other aspects of our business. Such proceedings could also put our patent
rights 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 or any of our future licensors. We may not prevail in any lawsuits or other adversarial proceedings that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce such 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 in-license.

Further, 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 its patents. If we or any of our licensors are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position in the relevant jurisdiction may be impaired and our business prospects, financial condition and results of operations may be materially adversely affected.

Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse impact on the success of our business.

Our commercial success depends, in part, upon our ability or the ability of any of our future collaborators to develop, manufacture, market and sell our current or any future drug candidates and to use our proprietary technologies without infringing, misappropriating or otherwise violating the proprietary and intellectual property rights of third parties. The biotechnology and pharmaceutical industries are characterized by extensive and complex litigation regarding patents and other intellectual property rights.

We or any of our future licensors or strategic partners, may be party to, or be threatened with, adversarial proceedings or litigation regarding intellectual property rights with respect to our current or any potential future drug candidates and technologies, including derivation, reexamination, inter partes review, post-grant review or interference proceedings before the USPTO and similar proceedings in jurisdictions outside of the United States such as opposition proceedings. If we or our licensors or strategic partners are unsuccessful in any interference proceedings or other priority or validity disputes (including through any patent oppositions) to which we or they are subject, we may lose valuable intellectual property rights through the loss of one or more patents or our patent claims may be narrowed, invalidated, or held unenforceable. In some instances, we may be required to indemnify our licensors or strategic partners for the costs associated with any such adversarial proceedings or litigation. Third parties may also assert infringement, misappropriation or other claims against us, our licensors or our strategic partners based on existing patents or patents that may be granted in the future, as well as other intellectual property rights, regardless of their merit. There is a risk that third parties may choose to engage in litigation or other adversarial proceedings with us, our licensors or our strategic partners to enforce or otherwise assert their patent rights or other intellectual property rights. Even if we believe such claims are without merit, a court of competent jurisdiction could hold that these third-party patents and other intellectual property rights are valid, enforceable and infringed, which could have a material adverse impact on our ability to utilize our drug discovery and development engine or to commercialize our current or any future drug candidates. In order to successfully challenge the validity of any such U.S. patent in federal court, we would need to overcome a presumption of validity by presenting clear and convincing evidence of invalidity. There is no assurance that a court of competent jurisdiction, even if presented with evidence we believe to be clear and convincing, would invalidate the claims of any such U.S. patent.

Further, we cannot guarantee that we will be able to successfully settle or otherwise resolve such adversarial proceedings or litigation. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or to continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in marketing our drug candidates. If we or any of our licensors or strategic partners are found to infringe, misappropriate or violate a third-party patent or other
intellectual property rights, we could be required to pay damages, including treble damages and attorney’s fees, if we are found to have willfully
infringed. In addition, we, or any of our licensors or strategic partners may choose to seek, or be required to seek, a license from a third party, which
may not be available on commercially reasonable terms, if at all. Even if a license can be obtained on commercially reasonable terms, the rights may be
non-exclusive, which could give our competitors access to the same technology or intellectual property rights licensed to us, and we could be required
to make substantial licensing and royalty payments. We also could be forced, including by court order, to cease utilizing, developing, manufacturing
and commercializing our drug discovery and development engine or drug candidates deemed to be infringing. We may be forced to redesign current or
future technologies or products. Any of the foregoing could have a material adverse effect on our ability to generate revenue or achieve profitability
and possibly prevent us from generating revenue sufficient to sustain our operations.

In addition, we or our licensors or strategic partners may find it necessary to pursue claims or to initiate lawsuits to protect or enforce our
patent or other intellectual property rights. If we or our licensors or strategic partners were to initiate legal proceedings against a third party to enforce a
patent covering one of our drug candidates or our technology, the defendant could counterclaim that such patent is invalid or unenforceable. 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, for example, claiming patent-ineligible subject matter, lack of novelty,
indefiniteness, lack of written description, non-enablement, anticipation or obviousness. 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. The outcome of such invalidity and unenforceability claims is unpredictable. With respect to the validity question, for example,
we cannot be certain that there is no invalidating prior art of which we or our licensors or strategic partners and the patent examiner were unaware
during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we could lose at least part, and perhaps all, of
the patent protection for one or more of our drug candidates. The narrowing or loss of our owned and licensed patent claims could limit our ability to
stop others from using or commercializing similar or identical technology and products. All of these events could have a material adverse effect on our
business, financial condition, results of operations and prospects. Patent and other intellectual property rights also will not protect our drug candidates
and technologies if competitors or third parties design around such drug candidates and technologies without legally infringing, misappropriating or
violating our patent or other intellectual property rights.

The cost to us in defending or initiating any litigation or other proceeding relating to our patent or other intellectual property rights, even if
resolved in our favor, could be substantial, and any litigation or other proceeding would divert our management’s attention and distract our personnel
from their normal responsibilities. Such litigation or proceedings could materially 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 more effectively to sustain the costs of complex patent litigation because
they have substantially greater resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could
delay our research and development efforts and materially limit our ability to continue our operations. Furthermore, because of the substantial amount
of discovery required in connection with certain such proceedings, there is a risk that some of our confidential information could be compromised by
disclosure. 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, such announcements could have a material adverse effect on the price of our
common stock.
Intellectual property rights of third parties could adversely affect our ability to commercialize our current or future technologies or drug candidates, and we might be required to litigate or obtain licenses from third parties to develop or market our current or future technologies or drug candidates, which may not be available on commercially reasonable terms or at all.

Because the immuno-oncology and inflammation disease landscapes are still evolving, it is difficult to conclusively assess our freedom to operate. Thus, we may unknowingly pursue development of a product or technology that infringes, misappropriates or otherwise violates third-party rights. There are numerous companies that have pending patent applications and issued patents broadly covering immune-therapies generally or covering small molecules directed against the same targets as, or targets similar to, those we are pursuing. Our competitive position may materially suffer if patents issued to third parties or other third-party intellectual property rights cover our current or future technologies drug candidates or elements thereof or our manufacture or uses relevant to our development plans. In such cases, we may not be in a position to develop or commercialize current or future technologies, drug candidates unless we successfully pursue litigation to nullify or invalidate the third-party intellectual property right concerned, or enter into a license agreement with the intellectual property right holder, if available on commercially reasonable terms. There may be issued patents of which we are not aware, held by third parties that, if found to be valid and enforceable, could be alleged to be infringed by our current or future technologies or drug candidates. There also may be pending patent applications of which we are not aware that may result in issued patents, which could be alleged to be infringed by our current or future technologies or drug candidates. Should such an infringement claim be successfully brought, we may be required to pay substantial damages or be forced to abandon our current or future technologies or drug candidates or to seek a license from any patent holders. No assurances can be given that a license will be available on commercially reasonable terms, if at all.

Third-party intellectual property right holders may also actively bring infringement, misappropriation or other claims alleging violations of intellectual property rights against us. We cannot guarantee that we will be able to successfully settle or otherwise resolve such claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or to continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in marketing our drug candidates. If we fail in any such dispute, in addition to being forced to pay damages, we may be temporarily or permanently prohibited from commercializing any of our current or future technologies or drug candidates that are held to be infringing, misappropriating or otherwise violating third-party intellectual property rights. We might, if possible, also be forced to redesign current or future technologies or drug candidates so that we no longer infringe, misappropriate or violate the third-party intellectual property rights. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business, which could have a material adverse effect on our financial condition and results of operations.

We may not be successful in obtaining necessary or exclusive rights to any drug candidates or products we may develop through acquisitions and in-licensing.

We may be unable to acquire or otherwise in-license any compositions, methods of use, processes, or other intellectual property rights from third parties that we identify as necessary for drug candidates that we may wish to develop. 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 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 drug candidates, which could have a material adverse effect on our business, financial condition, results of operations, and prospects.
Patent rights we may in-license in the future may be subject to a reservation of rights by one or more third parties. For example, the research resulting in any in-licensed patent rights and technology may be funded in part by the U.S. government. As a result, the government may have certain rights, or march-in rights, to such patent rights and technology. When new technologies are developed with government funding, the government generally obtains certain rights in any resulting patents, including a non-exclusive license authorizing the government to use the invention for non-commercial purposes. These rights may permit the government to disclose our confidential information to third parties and to exercise march-in rights to use or allow third parties to use our licensed technology. The government can exercise its march-in rights if it determines that action is necessary because we fail to achieve practical application of the government-funded technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations, or to give preference to U.S. industry. In addition, our rights in such inventions may be subject to certain requirements to manufacture products embodying such inventions in the United States. Any exercise by the U.S. government of such rights could harm our competitive position, business, financial condition, results of operations and prospects.

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

As referenced above, in addition to seeking patent protection for certain aspects of our current or future technologies and drug candidates, we also consider trade secrets, including confidential and unpatented know-how, important to the maintenance of our competitive position. However, trade secrets and know-how can be difficult to protect. We protect and plan to protect trade secrets and confidential and unpatented know-how, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to such knowledge, 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 under which they are obligated to maintain confidentiality and to assign their inventions to us. Despite these efforts, we may not obtain these agreements in all circumstances and 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 information.

Moreover, individuals with whom we have such agreements may not comply with their terms. Any of these parties may breach such agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for any such breaches. We may be forced to bring claims against third parties, including current or former employees or consultants, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property, including our patent rights. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret, or securing title to an employee- or consultant-developed invention if a dispute arises, is difficult, expensive and time-consuming, and the outcome is unpredictable. If we are unsuccessful in any inventorship disputes to which we are subject, we may lose valuable intellectual property rights, such as ownership of our patent rights. In addition, some courts in the United States and certain foreign jurisdictions disfavor or are unwilling to protect trade secrets. Further, if any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent that competitor from using the technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be materially and adversely harmed.

We may be subject to claims that we or our employees or consultants have wrongfully used or disclosed alleged trade secrets or other proprietary information of our employees' or consultants' former employers or their clients.

Many of our employees or consultants and our licensors’ employees or consultants were previously employed at universities or biotechnology or biopharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that one or more of these
employees or consultants or we have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information of any such individual’s current or former employers. Litigation or arbitration may be necessary to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel or may be enjoined from using such intellectual property. Any such proceedings and possible aftermath would likely divert significant resources from our core business, including distracting our technical and management personnel from their normal responsibilities. A loss of key research personnel or their work product could limit our ability to commercialize, or prevent us from commercializing, our current or future technologies or drug candidates, which could materially harm our business. Even if we are successful in defending against any such claims, litigation or arbitration could result in substantial costs and could be a distraction to management.

**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 or 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 patent rights and any patent rights we may own or in-license in the future. The USPTO and various non-U.S. government patent agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable law firms and other professionals to help us comply with these requirements, and we may also be dependent on our licensors to take the necessary action to comply with these requirements with respect to our in-licensed intellectual property. In many 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 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, which could have a material adverse effect on our business prospects and financial condition.

**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 trademarks or trade names may be challenged, infringed, circumvented, declared generic or determined to be infringing on other marks. We own a pending U.S. trademark application, but do not yet own a U.S. registered trademark, for our corporate name, “RAPT.” We may not be able to protect our rights to these trademarks and trade names or may be forced to stop using these names, which we use for name recognition by potential partners or customers in our markets of interest. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business may be materially adversely affected.

**Intellectual property rights do not necessarily address all potential threats to our business.**

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations and may not adequately protect our business. The following examples are illustrative:

- others may be able to make small molecule drugs, inhibitors or formulations that are similar to our drug candidates, but that are not covered by the claims of any patents that we own, license or control;
- we or any strategic partners might not have been the first to make the inventions covered by the patent rights that we own, license or control;
we or our licensors might not have been the first to file patent applications covering certain of our owned and in-licensed inventions;

- others may independently develop the same, similar, or alternative technologies without infringing, misappropriating or violating our intellectual property rights;

- it is possible that our pending patent applications will not lead to issued patents;

- issued patents that we may own, in-license, or control may not provide us with any competitive advantages, or may be narrowed or held invalid or unenforceable, including as a result of legal challenges;

- our competitors might conduct research and development activities in the United States and other countries that provide a safe harbor from patent infringement claims for certain research and development activities, as well as in countries where we do not have patent rights, and may then use the information learned from such activities to develop competitive products for sale in our major commercial markets;

- we may choose not to file a patent in order to maintain certain trade secrets or know-how, and a third party may subsequently file a patent covering such trade secrets or know-how; and

- the patents of others may have an adverse effect on our business.

Should any of these events occur, they could have a material adverse impact on our business and financial condition.

**Risks Related to Government Regulation**

*Clinical development includes a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.*

Our drug candidates FLX475 and RPT193 are in clinical and preclinical development, respectively, and their risk of failure is high. It is impossible to predict when or if our candidates or any potential future drug candidates will prove effective in humans or will receive regulatory approval. Before obtaining marketing approval from regulatory authorities for the sale of any drug candidate, we must complete preclinical studies for RPT193 and other potential future candidates and then conduct extensive clinical trials to demonstrate the safety and efficacy of that drug candidate in humans. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the development process. The results of preclinical studies and clinical trials of any of our current or potential future drug candidates may not be predictive of the results of later-stage clinical trials. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. A number of companies in the pharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or safety profiles, notwithstanding promising results in earlier trials.

We are conducting a Phase 1/2 clinical trial investigating FLX475 as a single agent and in combination with pembrolizumab in a broad range of tumors and we anticipate that initial data from this trial will be available by the first half of 2020. Further, we expect to initiate a clinical trial for RPT193 in the second half of 2019 with PoC data expected by mid-2020. Despite these plans, we may experience delays in initiating or completing our clinical trials. We do not know whether planned clinical trials will be completed on schedule or at all, or whether planned clinical trials will begin on time, need to be redesigned, enroll patients on time or be completed on
schedule, if at all. Our development programs may be delayed for a variety of reasons, including delays related to:

- the FDA or other regulatory authorities requiring us to submit additional data or imposing other requirements before permitting us to initiate a clinical trial;
- obtaining regulatory approval to commence a clinical trial;
- reaching agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- obtaining institutional review board (“IRB”), approval at each clinical trial site;
- recruiting suitable patients to participate in a clinical trial;
- having patients complete a clinical trial or return for post-treatment follow-up;
- clinical trial sites deviating from trial protocol or dropping out of a trial;
- adding new clinical trial sites; or
- manufacturing sufficient quantities of our drug candidates for use in clinical trials.

Furthermore, we expect to rely on our CROs and clinical trial sites to ensure the proper and timely conduct of our clinical trials and, while we expect to enter into agreements governing their committed activities, we have limited influence over their actual performance.

We could encounter delays if prescribing physicians encounter unresolved ethical issues associated with enrolling patients in clinical trials of our current or potential future drug candidates in lieu of prescribing existing treatments that have established safety and efficacy profiles. Further, a clinical trial may be suspended or terminated by us, our partners, the IRBs of the institutions in which such trials are being conducted, the Data Safety Monitoring Board for such trial or by the FDA or other regulatory authorities due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug or therapeutic biologic, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. If we experience delays in the completion of, or termination of, any clinical trial of any of our current or potential future drug candidates, the commercial prospects of such drug candidate will be harmed, and our ability to generate product revenue from such drug candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow our product development and approval process and jeopardize our ability to commence product sales and generate revenue. Any of these occurrences may materially and adversely affect our business, financial condition, results of operations and prospects. 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 current or potential future drug candidates.

We may be unable to obtain U.S. or foreign regulatory approval and, as a result, be unable to commercialize FLX475, RPT193 or an RPT-GCN2i or other future drug candidate.

FLX475, RPT193, an RPT-GCN2i and other future drug candidates are and will be subject to extensive governmental regulations relating to, among other things, research, testing, development, manufacturing, safety,
We have very limited experience in conducting and managing the clinical trials necessary to obtain regulatory approvals, including approval by the FDA. The time required to obtain FDA and other approvals is unpredictable but typically takes many years following the commencement of clinical trials, depending upon the type, complexity and novelty of the drug candidate. The standards that the FDA and its foreign counterparts use when regulating us require judgment and can change, which makes it difficult to predict with certainty how they will be applied. Any analysis we perform of data from preclinical and clinical activities is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. We may also encounter unexpected delays or increased costs due to new government regulations, for example, from future legislation or administrative action, or from changes in FDA policy during the period of product development, clinical trials and FDA regulatory review. It is impossible to predict whether legislative changes will be enacted, or whether FDA or foreign regulations, guidance or interpretations will be changed, or what the impact of such changes, if any, may be.

Any delay or failure in obtaining required approvals could have a material and adverse effect on our ability to generate revenue from the particular drug candidate for which we are seeking approval. Further, we and our potential future partners may never receive approval to market and commercialize any drug candidate. Even if we or a potential future partner obtains regulatory approval, the approval may be for targets, disease indications or patient populations that are not as broad as we intended or desired or may require labeling that includes significant use or distribution restrictions or safety warnings. We or a potential future partner may be subject to post-marketing testing requirements to maintain regulatory approval. If any of our drug candidates prove to be ineffective, unsafe or commercially unviable, we may have to re-engineer FLX475, RPT193 or an RPT-GCN2i or other future drug candidate, and our entire pipeline could have little, if any, value, which could require us to change our focus and approach to small molecule discovery and development, which would have a material and adverse effect on our business, financial condition, results of operations and prospects.

We are also subject to numerous foreign regulatory requirements governing, among other things, the conduct of clinical trials, manufacturing and marketing authorization, pricing and third-party reimbursement. The foreign regulatory approval process varies among countries and may include all of the risks associated with FDA approval described above as well as risks attributable to the satisfaction of local regulations in foreign jurisdictions. Moreover, the time required to obtain approval may differ from that required to obtain FDA approval. Approval by the FDA does not ensure approval by regulatory authorities outside the United States and vice versa.

Even if we receive regulatory approval for any of our current or potential future drug candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense. Additionally, our current or potential future drug candidates, if approved, could be subject to labeling and other restrictions and market withdrawal and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products.

Any regulatory approvals that we or potential future partners obtain for FLX475, RPT193 or an RPT-GCN2i or other future drug candidate may also be subject to limitations on the approved indicated uses for which a product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including “Phase 4” clinical trials, and surveillance to monitor the safety and efficacy of such drug candidate. In addition, if the FDA or other regulatory authority approves FLX475, RPT193 or an
or other future drug candidate, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, import, export, advertising, promotion and recordkeeping for such product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMP and good clinical practices for any clinical trials that we conduct post-approval. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market or voluntary or mandatory product recalls;
- fines, warning letters or holds on clinical trials;
- refusal by the FDA to approve pending applications or supplements to approved applications filed by us or our strategic partners;
- suspension or revocation of product license approvals;
- product seizure or detention or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

The FDA’s policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business.

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

In the United States, there have been and continue to be a number of legislative initiatives to contain healthcare costs. For example, in March 2010, the Patient Protection and Affordable Care Act (the “ACA”), was enacted, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacted the U.S. pharmaceutical industry. Among the provisions of the ACA, of greatest importance to the pharmaceutical and biotechnology industry are the following:

- an annual, nondeductible fee on any entity that manufactures or imports certain specified branded prescription drugs and biologic agents apportioned among these entities according to their market share in some government healthcare programs;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program to 23.1% and 13% of the average manufacturer price for most branded and generic drugs, respectively, and capped the total rebate amount for innovator drugs at 100% of the Average Manufacturer Price (“AMP”);
- a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for certain drugs and biologics that are inhaled, infused, instilled, implanted or injected;
extension of manufacturers’ Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations;

expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals and by adding new mandatory eligibility categories for individuals with income at or below 133% of the federal poverty level, thereby potentially increasing manufacturers’ Medicaid rebate liability;

a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% (and 70% as of January 1, 2019) point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer’s outpatient drugs to be covered under Medicare Part D;

expansion of the entities eligible for discounts under the Public Health program;

a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research;

establishment of a Center for Medicare Innovation at CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending; and

implementation of the federal physician payment transparency requirements, sometimes referred to as the “Physician Payments Sunshine Act”.

Some of the provisions of the ACA have yet to be fully implemented, and there have been legal and political challenges to certain aspects of the ACA. Since January 2017, President Trump has signed two executive orders and other directives designed to delay, circumvent, or loosen certain requirements mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the ACA have been signed into law. The Tax Cuts and Jobs Act of 2017 (the “Tax Act”), includes a provision that repealed, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year, that is commonly referred to as the “individual mandate.” Additionally, on January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain ACA-mandated fees, including the so-called “Cadillac” tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. Further, the Bipartisan Budget Act of 2018 (“BBA”), among other things, amended the ACA, effective January 1, 2019, to close the coverage gap in most Medicare drug plans, commonly referred to as the “donut hole.” In July 2018, CMS published a final rule permitting further collections and payments to and from certain ACA qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas ruled that the individual mandate is an inseverable feature of the ACA, and therefore, because it was repealed as part of the Tax Act, the remaining provisions of the ACA are invalid as well. While the Texas U.S. District Court Judge, as well as the Trump Administration and CMS have stated that the ruling will have no immediate effect, it is unclear how this decision, subsequent appeals, and other efforts to repeal and replace the ACA will impact the ACA and our business.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. On August 2, 2011, the Budget Control Act of 2011 among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required
goals, thereby triggering the legislation’s automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers of 2% per fiscal year. These reductions went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2027 unless additional Congressional action is taken. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers. Additionally, there has been heightened governmental scrutiny recently over the manner in which manufacturers set prices for their marketed products. For example, there have been several recent Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. At the federal level, the Trump administration’s budget proposal for fiscal year 2019 contains further drug price control measures that could be enacted during the 2019 budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Further, the Trump administration released a “Blueprint” to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out of pocket costs of drug products paid by consumers. In addition, on January 31, 2019, the HHS Office of Inspector General, proposed modifications to the federal Anti-Kickback Statute discount safe harbor for the purpose of reducing the cost of drug products to consumers which, among other things, if finalized, will affect discounts paid by manufacturers to Medicare Part D plans, Medicaid managed care organizations and pharmacy benefit managers working with these organizations. Although a number of these, and other potential, proposals will require additional authorization to become effective, Congress and the executive branch have each indicated that it will continue to seek new legislative or administrative measures to control drug costs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures and, in some cases, designed to encourage importation from other countries and bulk purchasing. These new laws and initiatives may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on our future customers and accordingly, our financial operations.

We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our drug candidates or additional pricing pressures.

If we or potential future partners, manufacturers or service providers fail to comply with healthcare laws and regulations, we or they could be subject to enforcement actions, which could affect our ability to develop, market and sell our products and may harm our reputation.

Healthcare providers, physicians and third-party payors, among others, will play a primary role in the prescription and recommendation of any drug candidates for which we obtain marketing approval. Our current and future arrangements with third-party payors, providers and customers, among others, may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our drug candidates for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations, include the following:

- the federal Anti-Kickback Statute, which prohibits, among other things, a person or entity from knowingly and willfully soliciting, offering, paying, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, lease order, arranging for or recommendation of, any good, facility, item or service, for which payment may be made, in whole or in part, by a federal healthcare program, such as
Medicare or Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, a violation of the Anti-Kickback Statute can form the basis for a violation of the federal False Claims Act (discussed below);

- federal civil and criminal false claims laws and civil monetary penalties laws, including the federal False Claims Act, which provides for civil whistleblower or qui tam actions, that impose penalties against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. In addition, the government may assert that a claim including items and services resulting from a referral made in violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;

- HIPAA, which imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

- HIPAA, as amended by HITECH, and its implementing regulations, including the Final Omnibus Rule published in January 2013, which impose obligations on certain covered entity healthcare providers, health plans, and healthcare clearinghouses as well as their business associates that perform certain services involving the use or disclosure of individually identifiable health information, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information, and require notification to affected individuals and regulatory authorities of certain breaches of security of individually identifiable health information;

- the federal false statements statute, which prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services;

- the federal transparency requirements known as the federal Physician Payments Sunshine Act, created as part of ACA, which requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children’s Health Insurance Program to report annually to CMS information related to payments and other transfers of value made by that entity to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members; and

- analogous local, state and foreign laws and regulations, such as state anti-kickback and false claims laws that may apply to healthcare items or services reimbursed by third-party payors, including private insurers; local, state and foreign transparency laws that require manufacturers to report information related to payments and transfers of value to other healthcare providers and healthcare entities, marketing expenditures, or drug pricing; state laws that require pharmaceutical companies to register certain employees engaged in marketing activities in the location and comply with the pharmaceutical industry’s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government; and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.
Ensuring that our future business arrangements with third parties comply with applicable healthcare laws and regulations could involve substantial costs. If our operations are found to be in violation of any such requirements, we may be subject to penalties, including criminal and significant civil monetary penalties, damages, fines, individual imprisonment, disgorgement, contractual damages, reputational harm, exclusion from participation in government healthcare programs, integrity obligations, injunctions, recall or seizure of products, total or partial suspension of production, denial or withdrawal of pre-marketing product approvals, private qui tam actions brought by individual whistleblowers in the name of the government, refusal to allow us to enter into supply contracts, including government contracts, additional reporting requirements and oversight if subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations. Although effective compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, these risks cannot be entirely eliminated. Any action against us for an alleged or suspected violation could cause us to incur significant legal expenses and could divert our management’s attention from the operation of our business, even if our defense is successful. In addition, achieving and sustaining compliance with applicable laws and regulations may be costly to us in terms of money, time and resources.

If we fail to comply with U.S. and foreign regulatory requirements, regulatory authorities could limit or withdraw any marketing or commercialization approvals we may receive and subject us to other penalties that could materially harm our business.

Even if we receive marketing and commercialization approval of a drug candidate, we will be subject to continuing regulatory requirements, including in relation to adverse patient experiences with the product and clinical results that are reported after a product is made commercially available, both in the United States and any foreign jurisdiction in which we seek regulatory approval. The FDA has significant post-market authority, including the authority to require labeling changes based on new safety information and to require post-market studies or clinical trials to evaluate safety risks related to the use of a product or to require withdrawal of the product from the market. The FDA also has the authority to require a Risk Evaluation and Mitigation Strategy (“REMS”), after approval, which may impose further requirements or restrictions on the distribution or use of an approved drug or therapeutic biologic. The manufacturer and manufacturing facilities we use to make a future product, if any, will also be subject to periodic review and inspection by the FDA and other regulatory agencies, including for continued compliance with cGMP requirements. The discovery of any new or previously unknown problems with our third-party manufacturers, manufacturing processes or facilities may result in restrictions on the product, manufacturer or facility, including withdrawal of the product from the market. We intend to rely on third-party manufacturers and we will not have control over compliance with applicable rules and regulations by such manufacturers. Any product promotion and advertising will also be subject to regulatory requirements and continuing regulatory review. If we or our existing or future partners, manufacturers or service providers fail to comply with applicable continuing regulatory requirements in the U.S. or foreign jurisdictions in which we seek to market our products, we or they may be subject to, among other things, fines, warning letters, holds on clinical trials, delay of approval or refusal by the FDA to approve pending applications or supplements to approved applications, suspension or withdrawal of regulatory approval, product recalls and seizures, administrative detention of products, refusal to permit the import or export of products, operating restrictions, injunction, civil penalties and criminal prosecution.

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

Our ability to commercialize any products successfully will depend, in part, on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from third-party payors, such as government authorities, private health insurers and health maintenance organizations. Patients who are prescribed medications for the treatment of their conditions generally rely on third-party payors to
reimburse all or part of the costs associated with their prescription drugs. Coverage and adequate reimbursement from government healthcare programs, such as Medicare and Medicaid, and private health insurers are critical to new product acceptance. Patients are unlikely to use our future products, if any, unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost.

Cost-containment is a priority in the U.S. healthcare industry and elsewhere. As a result, government authorities and other third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. 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. Therefore, coverage and reimbursement for pharmaceutical products in the U.S. can differ significantly from payor to payor. We cannot be sure that coverage and adequate reimbursement will be available for any product that we commercialize and, if reimbursement is available, that the level of reimbursement will be adequate. Coverage and reimbursement may impact the demand for, or the price of, any drug candidate for which we obtain marketing approval. If coverage and reimbursement are not available or are available only at limited levels, we may not be able to successfully commercialize any drug candidate for which we obtain marketing approval.

Additionally, the regulations that govern regulatory approvals, pricing and reimbursement for new drugs and therapeutic biologics vary widely from country to country. Some countries require approval of the sale price of a drug or therapeutic biologic before it can be marketed. In many countries, the pricing review period begins after marketing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain regulatory 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 revenues 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 one or more drug candidates, even if our drug candidates obtain regulatory approval.

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended (“the FCPA”), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, and possibly other state and national anti-bribery and anti-money laundering laws in countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, third-party intermediaries, joint venture partners and collaborators from authorizing, promising, offering or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. We interact with officials and employees of government agencies and government-affiliated hospitals, universities and other organizations. In addition, we may engage third-party intermediaries to promote our clinical research activities abroad or to obtain necessary permits, licenses and other regulatory approvals. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize or have actual knowledge of such activities.

In connection with this offering, we will adopt a Code of Business Conduct and Ethics that will be effective upon the closing of this offering and we expect to prepare and implement policies and procedures to ensure compliance with such code. The Code of Business Conduct and Ethics mandates compliance with the FCPA and other anti-corruption laws applicable to our business throughout the world. However, we cannot assure you that our employees and third-party intermediaries will comply with this code or such anti-corruption laws.

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laws. Noncompliance with anti-corruption and anti-money laundering laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension or debarment from contracting with certain persons, the loss of export privileges, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas, investigations or other enforcement actions are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations and financial condition could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management’s attention and resources and significant defense and compliance costs and other professional fees. In certain cases, enforcement authorities may even cause us to appoint an independent compliance monitor which can result in added costs and administrative burdens.

Comprehensive tax reform bills could adversely affect our business and financial condition.

On December 20, 2017, the U.S. Congress passed the Tax Act, enacting comprehensive tax legislation that includes significant changes to the taxation of business entities. These changes include, among others: a permanent reduction to the corporate income tax rate; a partial limitation on the deductibility of business interest expense; a shift of the U.S. taxation of multinational corporations from a tax on worldwide income to a territorial system (along with certain rules designed to prevent erosion of the U.S. income tax base); and a one-time tax on accumulated offshore earnings held in cash and illiquid assets, with the latter taxed at a lower rate. Notwithstanding the reduction in the corporate income tax rate, the overall impact of this tax reform remains uncertain, and our business and financial condition could be adversely affected. This prospectus does not provide an in-depth discussion of any such tax legislation or the manner in which it might affect purchasers of our common stock. We urge our stockholders to consult with their legal and tax advisors with respect to any such legislation and the potential tax consequences of investing in our common stock.

Risks Related to Our Common Stock and this Offering

Our quarterly operating results may fluctuate significantly or may fall below the expectations of investors or securities analysts, each of which may cause our stock price to fluctuate or decline.

We expect our operating results to be subject to quarterly fluctuations. Our net loss and other operating results will be affected by numerous factors, including:

- variations in the level of expense related to the ongoing development of our drug candidates or future development programs;
- results of clinical trials, or the addition or termination of clinical trials or funding support by us or potential future partners;
- our execution of any collaboration, licensing or similar arrangements, and the timing of payments we may make or receive under potential future arrangements or the termination or modification of any such potential future arrangements;
- any intellectual property infringement, misappropriation or violation lawsuit or opposition, interference or cancellation proceeding in which we may become involved;
- additions and departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
if any of our drug candidates receives regulatory approval, the terms of such approval and market acceptance and demand for such drug candidates;

• regulatory developments affecting our drug candidates or those of our competitors; and

• changes in general market and economic conditions.

If our quarterly operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially. We believe that quarterly comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

Our stock price may be volatile and purchasers of our common stock could incur substantial losses.

Our stock price is likely to be volatile. As a result of this volatility, investors may not be able to sell their common stock at or above the initial public offering price. The market price for our common stock may be influenced by many factors, including the other risks described in this section of the prospectus titled “Risk Factors” and the following:

• our ability to advance FLX475, RPT193 or other potential future drug candidates in the clinic;

• results of our preclinical studies, non-clinical studies and clinical trials for our current and future drug candidates or those of our competitors or potential future partners;

• regulatory or legal developments in the United States and other countries, especially changes in laws or regulations applicable to our products;

• the success of competitive products or technologies;

• introductions and announcements of new products by us, our future commercialization partners, or our competitors, and the timing of these introductions or announcements;

• actions taken by regulatory agencies with respect to our products, clinical trials, manufacturing process or sales and marketing terms;

• actual or anticipated variations in our financial results or those of companies that are perceived to be similar to us;

• the success of our efforts to acquire or in-license additional technologies, products or drug candidates;

• developments concerning any future collaborations, including, but not limited to, those with our sources of manufacturing supply and our commercialization partners;

• market conditions in the pharmaceutical and biotechnology sectors;

• announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;

• developments, disputes or litigation matters concerning patents or other intellectual property rights, and our ability to obtain and maintain patent protection for our products;
our ability or inability to raise additional capital and the terms on which we raise it;

the recruitment or departure of key personnel;

changes in the structure of healthcare payment systems;

actual or anticipated changes in earnings estimates or changes in stock market analyst recommendations regarding our common stock, other comparable companies or our industry generally;

our failure or the failure of our competitors to meet analysts’ projections or guidance that we or our competitors may give to the market;

fluctuations in the valuation of companies perceived by investors to be comparable to us;

announcement and expectation of additional financing efforts;

speculation in the press or investment community;

trading volume of our common stock;

sales of our common stock by us or our stockholders;

the concentrated ownership of our common stock;

changes in accounting principles;

terrorist acts, acts of war or periods of widespread civil unrest;

natural disasters and other calamities; and

general economic, industry and market conditions.

In addition, the stock markets in general, and the markets for pharmaceutical, biopharmaceutical and biotechnology stocks in particular, have experienced extreme volatility that has been often unrelated to the operating performance of the issuer. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance.

You will experience immediate and substantial dilution as a result of this offering and may experience additional dilution in the future.

If you purchase common stock in this offering, assuming a public offering price of $ per share, the midpoint of the range set forth on the cover of this prospectus, you will incur immediate and substantial dilution of $ per share, representing the difference between the assumed initial public offering price of $ per share and our pro forma net tangible book value per share as of March 31, 2019 after giving effect to this offering and the conversion of all outstanding shares of our Series A, Series B, Series C and Series C-2 convertible preferred stock into common stock immediately upon the closing of this offering. Moreover, we issued options in the past to acquire common stock and securities convertible into common stock at prices significantly below the assumed initial public offering price. As of March 31, 2019, there were 5,829,091 shares of our common stock subject to outstanding options. To the extent that any of these outstanding securities are ultimately exercised or settled, you will incur further dilution.
The future issuance of equity or of debt securities that are convertible into equity would dilute our share capital.

We may choose to raise additional capital in the future, depending on market conditions, strategic considerations and operational requirements. To the extent that additional capital is raised through the issuance of shares or other securities convertible into shares, our stockholders will be diluted. Future issuances of our common stock or other equity securities, or the perception that such sales may occur, could adversely affect the trading price of our common stock and impair our ability to raise capital through future offerings of shares or equity securities. No prediction can be made as to the effect, if any, that future sales of common stock or the availability of common stock for future sales will have on the trading price of our common stock.

An active trading market for our common stock may not develop.

Prior to this offering, there has been no public market for our common stock. The initial public offering price for our common stock will be determined through negotiations with the underwriters. Although we have applied to list our common stock on the Nasdaq Global Market, an active trading market for our shares may never develop or be sustained following this offering. If an active market for our common stock does not develop, it may be difficult for you to sell shares you purchase in this offering without depressing the market price for the shares or at all.

Because our management will have flexibility in allocating the net proceeds from this offering, you may not agree with how we use them and the proceeds may not be invested successfully.

We intend to use the net proceeds from this offering to fund preclinical and clinical development activities for FLX475, RPT193 and an RPT-GCN2i or other future drug candidates, further development of our drug discovery and development engine and additional drug candidates, hiring of additional personnel, capital expenditures, costs of operating as a public company and for other general purposes. We may also use a portion of the net proceeds from this offering to in-license, acquire or invest in complementary businesses, technologies, products or assets. However, we have no current commitments or obligations to do so. Therefore, our management will have flexibility in allocating the net proceeds from this offering. Accordingly, you will be relying on the judgment of our management with regard to the allocation of these net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being allocated appropriately. It is possible that the proceeds will be invested in a way that does not yield a favorable, or any, return for our company.

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

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no or few securities or industry analysts commence coverage of our company, the trading price for our common stock would be negatively impacted. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property rights or our common stock performance, or if our target studies and operating results fail to meet the expectations of the analysts, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

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

Based on the beneficial ownership of our capital stock as of April 8, 2019, our executive officers and directors, together with holders of 5% or more of our capital stock before this offering and their respective
affiliates, will beneficially own approximately % of our common stock immediately after the closing of this offering. As a result, these stockholders, if acting together, will continue to have significant influence over the outcome of corporate actions requiring stockholder approval, including the election of directors, any merger, consolidation or sale of all or substantially all of our assets and any other significant corporate transaction.

The interests of these stockholders may not be the same as, and may even conflict with, your interests. For example, these stockholders could delay or prevent a change of control of our company, even if such a change of control would benefit our other stockholders, which could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company or our assets and might affect the prevailing market price of our common stock. The significant concentration of stock ownership may adversely affect the trading price of our common stock due to investors’ perception that conflicts of interest may exist or arise.

Sales of a substantial number of shares of our common stock by our existing stockholders in the public market could cause our stock price to fall.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market after the lock-up and other legal restrictions on resale discussed in this prospectus lapse, the trading price of our common stock could decline. Based on 4,970,968 shares of common stock outstanding at March 31, 2019, and after giving effect to the conversion of our outstanding Series A, Series B, Series C and Series C-2 convertible preferred stock, immediately upon the closing of this offering we will have outstanding a total of 106,502,756 shares of common stock. Of these shares, only the shares of common stock sold in this offering by us, plus any shares sold upon exercise of the underwriters’ option to purchase additional shares, will be freely tradable without restriction in the public market immediately following this offering.

We expect that the lock-up agreements pertaining to this offering will expire after 180 days from the date of this prospectus. BofA Securities, Inc., Wells Fargo Securities, LLC, BMO Capital Markets Corp. and UBS Securities LLC, however, may, in their sole discretion, permit our officers, directors and other stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements. In addition, shares of common stock that are either subject to outstanding options or reserved for future issuance under our 2019 Equity Incentive Plan (“2019 Plan”), will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements and Rule 144 and Rule 701 under the Securities Act. If these additional shares of common stock are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

After this offering, the holders of 101,531,788 shares of our common stock (including the shares issuable upon conversion of our convertible preferred stock) at March 31, 2019 will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to the 180-day lock-up agreements described above, as applicable. See “Description of Capital Stock—Registration Rights”. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares held by affiliates, as defined in Rule 144 under the Securities Act. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock.

Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our 2019 Equity Incentive Plan, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.

We expect that significant additional capital may be needed in the future to continue our planned operations, including further development of our drug discovery and development engine, preparing IND filings, conducting clinical trials, commercialization efforts, expanded research and development activities and costs associated with operating a public company. To raise capital, we may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If
We sell common stock, convertible securities or other equity securities, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights, preferences and privileges senior to the holders of our common stock, including shares of common stock sold in this offering.

Pursuant to our 2019 Plan, our management is authorized to grant stock options to our employees, directors and consultants. Initially, the aggregate number of shares of our common stock that may be issued pursuant to stock awards under our 2019 Plan is [redacted] shares. Additionally, the number of shares of our common stock reserved for issuance under our 2019 Plan will automatically increase on January 1 of each year, beginning on January 1, 2020 and continuing through and including January 1, 2030, by [redacted] of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by our board of directors. Unless our board of directors elects not to increase the number of shares available for future grant each year, our stockholders may experience additional dilution, which could cause our stock price to fall.

We are an “emerging growth company” and our election of reduced reporting requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act, or JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, or Section 404, reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, as an emerging growth company, we are only required to provide two years of audited financial statements and two years of selected financial data in this prospectus. We could be an emerging growth company for up to five years following the completion of this offering, although circumstances could cause us to lose that status earlier, including if we are deemed to be a “large accelerated filer,” which occurs when the market value of our common stock that is held by non-affiliates exceeds $700 million as of the prior June 30, or if we have total annual gross revenue of $1.07 billion or more during any fiscal year before that time, in which cases we would no longer be an emerging growth company as of the following December 31, or if we issue more than $1.0 billion in non-convertible debt during any three-year period before that time, in which case we would no longer be an emerging growth company immediately. Even after we no longer qualify as an emerging growth company, we could still qualify as a “smaller reporting company,” which would allow us to take advantage of many of the same exemptions from disclosure requirements including not being required to comply with the auditor attestation requirements of Section 404 and reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our share price may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of an exemption that allows us to delay adopting new or revised accounting standards until such time as those standards apply to private companies. As a result, we will not be subject to the same new or revised accounting standards as other public companies that comply with the public company effective dates, including but not limited to the new lease accounting standard. We have also elected to take advantage of certain of the reduced disclosure obligations in the registration statement of which this prospectus is a part and may elect to take advantage of other reduced reporting requirements in future filings. As a result of these elections, the information that we provide to our stockholders may be different than you might receive from other public reporting companies. However, if we later decide to opt out of the extended period for adopting new accounting standards, we would need to disclose such decision and it would be irrevocable.
We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives and corporate governance practices.

As a public company, and particularly after we are no longer an emerging growth company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the Nasdaq Global Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified members of our board of directors. However, these rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Our ability to use net operating losses to offset future taxable income may be subject to certain limitations.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its pre-change net operating loss (“NOL”) or tax credits to offset future taxable income. Our existing NOLs or credits may be subject to substantial limitations arising from previous ownership changes, and if we undergo an ownership change our ability to utilize NOLs or credits could be further limited by Section 382 of the Code. In addition, future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Section 382 of the Code. Our NOLs or credits may also be impaired under state law. Accordingly, we may not be able to utilize a material portion of our NOLs or credits. Furthermore, our ability to utilize our NOLs or credits is conditioned upon our attaining profitability and generating U.S. federal and state taxable income. As described above under “—Risks Related to Business,” we have incurred significant net losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future; thus, we do not know whether or when we will generate the U.S. federal or state taxable income necessary to utilize our NOLs or credits.

Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

We may incur significant costs from class action litigation due to our expected stock volatility.

Our stock price may fluctuate for many reasons, including as a result of public announcements regarding the progress of our development efforts for our drug discovery and development engine and our drug candidates, the development efforts of future partners or competitors, the addition or departure of our key personnel, variations in our quarterly operating results and changes in market valuations of biopharmaceutical and biotechnology companies. This risk is especially relevant to us because biopharmaceutical and biotechnology companies have experienced significant stock price volatility in recent years. When the market price of a stock has been volatile as our stock price may be, holders of that stock have occasionally brought securities class action litigation against the company that issued the stock. If any of our stockholders were to bring a lawsuit of this type against us, even if the lawsuit is without merit, we could incur substantial costs defending the lawsuit. The lawsuit could also divert the time and attention of our management.
Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may delay or prevent an acquisition of our company or a change in our management. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. These provisions include:

- a prohibition on actions by our stockholders by written consent;
- a requirement that special meetings of stockholders, which our company is not obligated to call more than once per calendar year, be called only by the chair of our board of directors, our chief executive officer, or our board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors;
- advance notice requirements for election to our board of directors and for proposing matters that can be acted upon at stockholder meetings;
- division of our board of directors into three classes, serving staggered terms of three years each; and
- the authority of the board of directors to issue preferred stock with such terms as the board of directors may determine.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, as amended, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. These provisions would apply even if the proposed merger or acquisition could be considered beneficial by some stockholders.

Our amended and restated certificate of incorporation that will be in effect upon the closing of this offering will provide that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

1. any derivative action or proceeding brought on our behalf;
2. any action asserting a breach of fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders;
3. any action asserting a claim against us or any of our directors, officers or other employees arising under any provisions of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or
(4) any action asserting a claim against us or any of our directors, officers or other employees governed by the internal affairs doctrine.

These provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act or the rules and regulations thereunder. However, these provisions apply to Securities Act claims and Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce a duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such provisions, and our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

Our amended and restated certificate of incorporation that will be in effect upon the closing of this offering will further provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

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 the exclusive-forum provisions in our amended and restated certificate of incorporation that will be in effect upon the closing of this offering to be inapplicable or unenforceable, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business. For example, the Court of Chancery of the State of Delaware recently determined that a provision stating that U.S. federal district courts are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act is not enforceable. However, this decision may be reviewed and ultimately overturned by the Delaware Supreme Court. If the Court of Chancery’s decision were to be overturned, we would seek to enforce the federal district court exclusive forum provision in our amended and restated certificate of incorporation.
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations and statements that are necessarily dependent upon future events are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. Forward-looking statements in this prospectus include, but are not limited to, statements about:

- estimates of our total addressable market, future revenue, expenses, capital requirements and our needs for additional financing;
- the initiation, cost, timing, progress and results of research and development activities, preclinical or and clinical trials with respect to FLX475, RPT193, our RPT-GCN2i program and potential future drug candidates;
- our ability to identify, develop and commercialize drug candidates;
- our ability to advance FLX475, RPT193 or an RPT-GCN2i or other future drug candidates into, and successfully complete, preclinical studies and clinical or field trials;
- our ability to obtain and maintain regulatory approval of FLX475, RPT193 or an RPT-GCN2i or other future drug candidates, and any related restrictions, limitations and/or warnings in the label of an approved drug candidate;
- our ability to develop and expand our drug discovery and development engine;
- our ability to identify drug candidates using our drug discovery and development engine;
- our ability to obtain funding for our operations;
- our ability to obtain and maintain intellectual property protection for our technology and any of our drug candidates;
- our ability to successfully commercialize any of our drug candidates;
- the rate and degree of market acceptance of any of our drug candidates;
- regulatory developments in the United States and international jurisdictions;
- potential liability lawsuits and penalties related to our technology, our drug candidates and our current and future relationships with third parties;
- our ability to attract and retain key scientific and management personnel;
- our ability to effectively manage the growth of our operations;
- our ability to contract with third-party suppliers and manufacturers and their ability to perform adequately under those arrangements;
our ability to compete effectively with existing competitors and new market entrants;

our expectations regarding uses of proceeds from this offering;

potential effects of extensive government regulation;

our financial performance;

our expectation regarding the time during which we will be an emerging growth company under the JOBS Act; and

the volatility of the trading price of our common stock.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operation, business strategy and financial needs. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on us. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this prospectus. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments. We qualify all of our forward-looking statements by these cautionary statements.
MARKET, INDUSTRY AND OTHER DATA

This prospectus contains estimates and information concerning our industry, including market size and growth rates of the markets in which we participate, which are based on industry publications and reports. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to this information.

We have not independently verified the accuracy or completeness of the data contained in industry publications and reports. While we believe that each of these studies and publications is reliable, the industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled “Risk Factors.” These and other factors could cause results to differ materially from those expressed in these publications and reports.
USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $\ldots$ million (or approximately $\ldots$ million if the underwriters exercise their over-allotment option in full) based on the assumed initial public offering price of $\ldots$ per share of common stock, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

A $1.00 increase (decrease) in the assumed initial public offering price of $\ldots$ per share of common stock would increase (decrease) the net proceeds to us from this offering by approximately $\ldots$ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of common stock offered by us would increase (decrease) the net proceeds to us from this offering by approximately $\ldots$ million, assuming the assumed initial public offering price of $\ldots$ per share of common stock remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to increase our capitalization and financial flexibility and create a public market for our common stock. We currently expect to use the net proceeds from this offering, together with our existing cash and cash equivalents, as follows:

- Approximately $\ldots$ million to fund the development of FLX475 through PoC results from our Phase 1/2 clinical trial;
- Approximately $\ldots$ million to fund the development of RPT193 through our Phase 1 trial in healthy volunteers and patients with AD; and
- The remaining proceeds for continued development of an RPT-GCN2i or other future drug candidate, continued refinement of our proprietary drug discovery and development engine, hiring of additional personnel, capital expenditures, costs of operating as a public company and other general corporate purposes.

We also may use a portion of the net proceeds from this offering to in-license, acquire or invest in complementary businesses, technologies, products or assets. We, however, have no current commitments or obligations to do so.

We cannot specify with certainty all of the particular uses for the remaining net proceeds to us from this offering. The expected net proceeds from this offering, together with our existing cash and cash equivalents will not be sufficient for us to fund any of our drug candidates through regulatory approval, and we will need to raise additional capital to advance the development of our drug candidates. We will have broad discretion over how to use the net proceeds to us from this offering. Pending their use, we intend to invest the net proceeds to us from this offering in board-approved investments including U.S. treasuries, U.S. government agencies, A-1/P-1 commercial paper, bank repurchase agreements, CDs from investment grade banks and money market funds.
DIVIDEND POLICY

We have never declared or paid any dividends on our capital stock. We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant. In addition, we may enter into agreements in the future that could contain restrictions on payments of cash dividends.
The following table sets forth our cash and cash equivalents, and our capitalization as of March 31, 2019 as follows:

- on an actual basis;

- on a pro forma basis, giving effect to (i) the automatic conversion of all outstanding shares of our convertible preferred stock as of March 31, 2019 into 101,531,788 shares of common stock immediately prior to the closing of this offering and (ii) the filing and effectiveness of our amended and restated certificate of incorporation that will be in effect upon the closing of this offering; and

- on a pro forma as adjusted basis, giving effect to (i) the pro forma adjustments set forth above and (ii) the issuance and sale of shares of common stock in this offering at the assumed initial public offering price of $ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting estimated the underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma and pro forma as adjusted information below is illustrative only, and our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information in conjunction with our consolidated financial statements and the related notes included in this prospectus and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Selected Consolidated Financial Data” and other financial information contained in this prospectus.

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Pro Forma</th>
<th>Pro Forma as Adjusted(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands, except share and per share data)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$61,758</td>
<td>$61,758</td>
<td>$62,307</td>
</tr>
<tr>
<td>Convertible preferred stock, $0.0001 par value per share: 104,018,468 shares authorized, actual, no shares pro forma and pro forma as adjusted; 101,531,788 shares issued and outstanding, actual; no shares issued and outstanding, pro forma and pro forma as adjusted</td>
<td>$168,058</td>
<td>$—</td>
<td>$—</td>
</tr>
<tr>
<td>Stockholders’ deficit:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred Stock, $0.0001 par value per share: no shares authorized, issued or outstanding, actual; shares authorized and no shares issued and outstanding, pro forma and pro forma as adjusted</td>
<td></td>
<td>$—</td>
<td>$—</td>
</tr>
<tr>
<td>Common stock, $0.0001 par value per share: 119,200,000 shares authorized, 4,970,968 shares issued and outstanding, actual; 106,502,756 shares authorized, 106,502,756 shares issued and outstanding, pro forma and pro forma as adjusted</td>
<td></td>
<td>$11</td>
<td>$11</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>22,884</td>
<td>190,932</td>
<td></td>
</tr>
<tr>
<td>Related party promissory note for the purchase of common stock</td>
<td>(491)</td>
<td>(491)</td>
<td></td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>(4)</td>
<td>(4)</td>
<td></td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(128,141)</td>
<td>(128,141)</td>
<td></td>
</tr>
<tr>
<td>Total stockholders’ (deficit) equity</td>
<td>(105,751)</td>
<td>62,307</td>
<td></td>
</tr>
</tbody>
</table>
(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $x per share of common stock, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, total stockholders’ (deficit) equity and total capitalization by approximately $y, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares offered by us at the assumed initial public offering price per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, total stockholders’ (deficit) equity and total capitalization by approximately $z, assuming the assumed initial public offering price of $x per share of common stock remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses. The pro forma and pro forma as adjusted information discussed above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing.

The outstanding share information in the table above is based on 106,502,756 shares of our common stock (including shares of our convertible preferred stock on an as-converted basis) outstanding as of March 31, 2019, and excludes:

- 3,271,537 shares of our common stock issuable upon conversion of our Series C-2 convertible preferred stock sold in June 2019;
- 5,829,091 shares of our common stock issuable upon the exercise of options to purchase shares of our common stock issued under our 2015 Stock Plan (“2015 Plan”) and outstanding as of March 31, 2019, with a weighted-average exercise price of $0.83 per share;
- 785,000 shares of our common stock issuable upon the exercise of stock options granted after March 31, 2019, with an exercise price of $2.27 per share, and an additional 1,038,500 shares of our common stock issuable upon the exercise of stock options granted after March 31, 2019, with an exercise price equal to the price per share to the public in this offering;
- shares of our common stock reserved for future issuance under our 2019 Equity Incentive Plan (“2019 Plan”), (including 3,243,269 shares of our common stock reserved for issuance under our 2015 Plan that will be added to our 2019 Plan reserve upon its effectiveness) which includes an annual evergreen increase and will become effective in connection with this offering; and
- shares of our common stock reserved for future issuance under our 2019 Employee Stock Purchase Plan (“ESPP”), which includes an annual evergreen increase and will become effective in connection with this offering.
DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma as adjusted net tangible book value per share of our common stock immediately after the completion of this offering.

As of March 31, 2019, we had a pro forma net tangible book value of approximately $62.3 million, or $0.59 per share. Pro forma net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the number of shares of our common stock outstanding as of March 31, 2019, after giving effect to the automatic conversion of all shares of our convertible preferred stock outstanding as of March 31, 2019 into 101,531,788 shares of our common stock.

After giving further effect to the sale of shares of common stock that we are offering at the assumed initial public offering price of $ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of March 31, 2019 would have been approximately $ million, or approximately $ per share. This amount represents an immediate increase in pro forma as adjusted net tangible book value per share of $ per share to our existing stockholders and an immediate dilution in pro forma as adjusted net tangible book value per share of approximately $ per share to new investors purchasing shares of common stock in this offering.

Dilution per share to new investors purchasing our common stock is determined by subtracting pro forma as adjusted net tangible book value per share after this offering from the assumed initial public offering price per share paid by new investors. The following table illustrates this dilution (without giving effect to any exercise by the underwriters of their over-allotment option) on a per share basis:

| Assumed initial public offering price per share | $ |
| Pro forma net tangible book value per share as of March 31, 2019 | $0.59 |
| Increase in pro forma net tangible book value per share attributable to this offering | |
| Pro forma as adjusted net tangible book value per share after this offering | |
| Dilution in pro forma as adjusted net tangible book value per share to new investors in this offering | $ |

The dilution information above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value per share after this offering by approximately $ per share, and dilution in pro forma as adjusted net tangible book value per share to new investors by approximately $, assuming that the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses. Each increase (decrease) of 1,000,000 shares in the number of shares of common stock offered by us would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by approximately $ per share and decrease (increase) the dilution in pro forma as adjusted net tangible book value per share to investors participating in this offering by approximately $ per share, assuming that the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts, commissions and estimated offering expenses.

If the underwriters exercise their over-allotment option in full, the pro forma as adjusted net tangible book value after the offering would be $ per share, the increase in pro forma net tangible book value per share to existing stockholders would be $ per share and the dilution per share to new investors would be

67
$ per share, in each case assuming an initial public offering price of $ per share, the midpoint of the estimated offering price set forth on the cover page of this prospectus.

The following table summarizes, on the pro forma as adjusted basis described above, as of March 31, 2019, the differences between the number of shares of common stock purchased from us by our existing stockholders and common stock by new investors purchasing shares in this offering, the total consideration paid to us in cash and the average price per share paid by existing stockholders for shares of common stock issued prior to this offering and the price to be paid by new investors for shares of common stock in this offering. The calculation below is based on the assumed initial public offering price of $ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses.

<table>
<thead>
<tr>
<th>Shares Purchased</th>
<th>Total Consideration</th>
<th>Average Price Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Existing stockholders</td>
<td>106,502,756</td>
<td>%</td>
</tr>
<tr>
<td>New investors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

The outstanding share information in the table above is based on 106,502,756 shares of our common stock (including shares of our convertible preferred stock on an as-converted basis) outstanding as of March 31, 2019, and excludes:

- 3,271,537 shares of our common stock issuable upon conversion of our Series C-2 convertible preferred stock sold in June 2019;
- 5,829,091 shares of our common stock issuable upon the exercise of options to purchase shares of our common stock issued under our 2015 Plan and outstanding as of March 31, 2019, with a weighted-average exercise price of $0.83 per share;
- 785,000 shares of our common stock issuable upon the exercise of stock options granted after March 31, 2019, with an exercise price of $2.27 per share, and an additional 1,038,500 shares of our common stock issuable upon the exercise of stock options granted after March 31, 2019, with an exercise price equal to the price per share to the public in this offering;
- shares of our common stock reserved for future issuance under our 2019 Plan, (including 3,243,269 shares of our common stock reserved for issuance under our 2015 Plan that will be added to our 2019 Plan reserve upon its effectiveness) which includes an annual evergreen increase and will become effective in connection with this offering; and
- shares of our common stock reserved for future issuance under our ESPP, which includes an annual evergreen increase and will become effective in connection with this offering.

If the underwriters exercise their over-allotment option in full, our existing stockholders would own % and the investors purchasing shares of our common stock in this offering would own % of the total number of shares of our common stock outstanding immediately after closing of this offering.
SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes included elsewhere in this prospectus.

The consolidated statements of operations data for the years ended December 31, 2017 and 2018, and the balance sheet data as of December 31, 2017 and 2018, are derived from our audited consolidated financial statements and related notes included elsewhere in this prospectus. The condensed consolidated statements of operations data for the three months ended March 31, 2018 and 2019 and the condensed consolidated balance sheet data as of March 31, 2019 are derived from our unaudited interim condensed consolidated financial statements and related notes included elsewhere in this prospectus. We have prepared the unaudited interim condensed consolidated financial statements on a basis consistent with our audited consolidated financial statements and, in the opinion of management, such unaudited interim condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, that are necessary for the fair presentation of our unaudited interim condensed consolidated financial statements. Our historical results are not necessarily indicative of the results to be expected in the future, and the results for the three months ended March 31, 2019 are not necessarily indicative of the results to be expected for the full year or any other period. The selected financial data in this section are not intended to replace our consolidated financial statements and the related notes and are qualified in their entirety by the consolidated financial statements and related notes included elsewhere in this prospectus.

<table>
<thead>
<tr>
<th>Consolidated Statements of Operations Data:</th>
<th>Year ended December 31,</th>
<th>Three months ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Operating costs and expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>$25,618</td>
<td>$31,767</td>
</tr>
<tr>
<td>General and administrative</td>
<td>3,713</td>
<td>5,180</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>29,331</td>
<td>36,947</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>29,331</td>
<td>36,947</td>
</tr>
<tr>
<td>Other (income), net</td>
<td>(216)</td>
<td>(800)</td>
</tr>
<tr>
<td>Net loss</td>
<td>$29,115</td>
<td>$36,147</td>
</tr>
<tr>
<td>Net loss per share, basic and diluted(1)</td>
<td>$11.24</td>
<td>$9.68</td>
</tr>
<tr>
<td>Weighted average number of shares used in computing net loss per share, basic and diluted</td>
<td>2,590,100</td>
<td>3,733,823</td>
</tr>
<tr>
<td>Pro forma net loss per share, basic and diluted(1)</td>
<td></td>
<td>$0.42</td>
</tr>
<tr>
<td>Weighted average number of shares used in computing pro forma net loss per share, basic and diluted</td>
<td></td>
<td>86,766,748</td>
</tr>
</tbody>
</table>

(1) Includes the effects of an adjustment to the already outstanding shares, made in connection with the registration, for the purposes of comparing the pro forma loss per share to the historical loss per share.
(1) See Note 13 to our audited consolidated financial statements and Note 11 to our unaudited interim condensed consolidated financial statements for an explanation of the method used to calculate historical and pro forma basic and diluted net loss per share.

<table>
<thead>
<tr>
<th>Consolidated Balance Sheet Data:</th>
<th>December 31, 2017</th>
<th>December 31, 2018</th>
<th>March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$47,517</td>
<td>$63,798</td>
<td>$61,758</td>
</tr>
<tr>
<td>Working capital</td>
<td>44,994</td>
<td>60,419</td>
<td>59,753</td>
</tr>
<tr>
<td>Total assets</td>
<td>50,391</td>
<td>69,610</td>
<td>67,860</td>
</tr>
<tr>
<td>Convertible preferred stock</td>
<td>108,643</td>
<td>161,111</td>
<td>168,058</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(82,806)</td>
<td>(118,953)</td>
<td>(128,141)</td>
</tr>
<tr>
<td>Total stockholders’ deficit</td>
<td>(62,405)</td>
<td>(97,113)</td>
<td>(105,751)</td>
</tr>
</tbody>
</table>
MANAGEMENT’S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with the section titled “Selected Condensed and Consolidated Financial Data” and our condensed and consolidated financial statements and accompanying notes included elsewhere within this prospectus. This discussion includes both historical information and forward-looking statements that involve risk, uncertainties and assumptions. Our actual results may differ materially from management’s expectations as a result of various factors, including, but not limited to, those discussed in the section titled “Risk Factors.”

Overview

We are a clinical-stage immunology-based biopharmaceutical company focused on discovering, developing and commercializing oral small molecule therapies for patients with significant unmet needs in oncology and inflammatory diseases. Utilizing our proprietary drug discovery and development engine, we are developing highly selective small molecules that are designed to modulate the critical immune responses underlying these diseases. In our first four years since inception, we have discovered and advanced two unique drug candidates each targeting CCR4. Our lead oncology drug candidate, FLX475, reached the clinic in just two and a half years and we expect our lead inflammation drug candidate, RPT193, to enter the clinic in the second half of 2019. We are also pursuing a range of targets, including GCN2 and HPK1, that are in the discovery stage of development.

Our lead oncology drug candidate, FLX475, selectively inhibits the migration of immunosuppressive T\textsubscript{reg} into tumors. In a Phase 1 clinical trial in 104 healthy volunteers, FLX475 was well tolerated and demonstrated favorable drug-like properties with a level of target engagement that, in our preclinical studies, corresponded with 90% inhibition of in vitro T\textsubscript{reg} migration and the highest level of inhibition of in vivo T\textsubscript{reg} migration and antitumor activity. FLX475 has also demonstrated robust single agent and combination activity in preclinical tumor models by selectively inhibiting T\textsubscript{reg} migration into the tumor. We are currently conducting a Phase 1/2 clinical trial investigating FLX475 as a single agent and in combination with pembrolizumab in patients with “charged” tumors, who we believe have the greatest probability of clinical benefit, in order to study the safety and potential clinical activity of FLX475 in patients with advanced cancer. We anticipate results from the Phase 2 portion of the trial could provide clinical PoC data in the first half of 2020.

Our lead inflammation drug candidate, RPT193, is designed to selectively inhibit the migration of Th2 cells into allergically-inflamed tissues. Th2 cells are clinically validated drivers of allergic diseases along the “atopic march” such as AD, asthma, chronic urticaria (skin rash), allergic conjunctivitis, chronic rhinosinusitis and eosinophilic esophagitis (inflammation of the esophagus). Our preclinical pharmacology and toxicology results for RPT193 showed activity in clinically validated pathways in allergic inflammatory disease models to a degree we believe, if confirmed in clinical trials, would be competitive with currently marketed injectable biologics and show a safety profile that suggests chronic dosing in humans should be well tolerated. We believe the preclinical toxicology and activity results, combined with the convenience of once-daily oral dosing, suggest a profile competitive with standard of care and emerging clinical-stage drug candidates. We expect to initiate a seamless Phase 1 trial of RPT193 comprised initially of Phase 1a single and multiple dose escalation cohorts of healthy volunteers in the second half of 2019, followed by placebo-controlled Phase 1b testing in patients with moderate to severe AD. We submitted a CTA in Europe in June 2019 and plan to submit an IND in the United States in the third quarter of 2019 for this Phase 1 trial. We anticipate PoC clinical results from the Phase 1b portion of this study by mid-2020. Thereafter, we intend to expand clinical development into additional Th2-driven allergic indications.

Our lead inflammation drug candidate, RPT193, is designed to selectively inhibit the migration of Th2 cells into allergically-inflamed tissues. Th2 cells are clinically validated drivers of allergic diseases along the “atopic march” such as AD, asthma, chronic urticaria (skin rash), allergic conjunctivitis, chronic rhinosinusitis and eosinophilic esophagitis (inflammation of the esophagus). Our preclinical pharmacology and toxicology results for RPT193 showed activity in clinically validated pathways in allergic inflammatory disease models to a degree we believe, if confirmed in clinical trials, would be competitive with currently marketed injectable biologics and show a safety profile that suggests chronic dosing in humans should be well tolerated. We believe the preclinical toxicology and activity results, combined with the convenience of once-daily oral dosing, suggest a profile competitive with standard of care and emerging clinical-stage drug candidates. We expect to initiate a seamless Phase 1 trial of RPT193 comprised initially of Phase 1a single and multiple dose escalation cohorts of healthy volunteers in the second half of 2019, followed by placebo-controlled Phase 1b testing in patients with moderate to severe AD. We submitted a CTA in Europe in June 2019 and plan to submit an IND in the United States in the third quarter of 2019 for this Phase 1 trial. We anticipate PoC clinical results from the Phase 1b portion of this study by mid-2020. Thereafter, we intend to expand clinical development into additional Th2-driven allergic indications.

In addition, we are identifying lead compounds that inhibit GCN2, which we believe is a fundamental regulator of antitumor immunity and tumor cell survival. Preclinical studies have demonstrated that an RPT-GCN2i has the ability to restore in vitro T cell proliferation and function in nutrient-deprived conditions, enhance
tumor cell death and elicit antitumor responses in preclinical tumor models. We are developing an RPT-GCN2i with the intent of filing an IND with the FDA in 2020.

We will continue to invest in our proprietary discovery and development engine and investigate several of our identified targets as well as generate additional target and drug candidates, including a future HPK1 drug candidate.

**Financial Overview**

Since commencing operations in 2015, we have devoted substantially all of our efforts and financial resources to building our research and development capabilities and establishing our corporate infrastructure. As a result, we have incurred net losses since inception. As of March 31, 2019, we had an accumulated deficit of $128.1 million. We have incurred net losses of $29.1 million, $36.1 million, $8.2 million and $9.2 million for the years ended December 31, 2017 and 2018, and for the three months ended March 31, 2018 and 2019, respectively. We do not expect to generate product revenue unless and until we obtain approval for the commercialization of a drug candidate, and we cannot assure you that we will ever generate significant revenue or profits.

Since inception, we have financed our operations primarily through the private placements of convertible preferred stock with net proceeds of $175.6 million, including $7.5 million raised through the sale of Series C-2 convertible preferred stock in June 2019. As of March 31, 2019, we had cash and cash equivalents of $61.8 million, not including amounts raised in June 2019. We believe that our existing cash and cash equivalents will be sufficient to fund our planned operations for at least the next 12 months from the date of this prospectus without the proceeds from this offering.

We expect to incur substantial expenditures in the foreseeable future as we expand our pipeline and advance our drug candidates through clinical development, undergo the regulatory approval process and, if approved, launch commercial activities. Specifically, in the near term we expect to incur substantial expenses relating to our ongoing and planned clinical trials, the development and validation of our manufacturing processes, and other development activities. Furthermore, upon the completion of this offering, we expect to incur additional costs associated with operating as a public company, including significant legal, accounting, investor relations and other expenses that we did not incur as a private company.

We will need substantial additional funding to support our continuing operations and pursue our development strategy. Until such time as we can generate significant revenue from sales of our drug candidates, if ever, we expect to finance our operations through the sale of equity, debt financings or other capital sources, including potential collaborations with other companies or other strategic transactions. Adequate funding may not be available to us on acceptable terms, or at all. If we fail to raise capital or enter into such agreements as, and when, needed, we may have to significantly delay, scale back, or discontinue the development and commercialization of our drug candidates or delay our efforts to expand our product pipeline. We may also be required to sell or license to other parties rights to develop or commercialize our drug candidates that we would prefer to retain.

**Clinical Trial Collaboration and Supply Agreement**

In November 2018, we entered into a clinical trial collaboration and supply agreement with Merck (known as MSD outside the United States and Canada), through an affiliate, under which we will conduct a clinical trial evaluating FLX475 in combination with KEYTRUDA® (pembrolizumab), Merck’s anti-PD-1 therapy, in patients with advanced cancers. We are the sponsor of the clinical trial, and Merck will supply KEYTRUDA® for use in the clinical trial.
Components of Operating Results

Research and Development Expenses

We expense both internal and external research and development expenses to operations as they are incurred. We track the external research and development costs incurred for each of our drug candidates. We do not track our internal research and development costs by drug candidate, as the related efforts and their costs are typically spread across multiple drug candidates.

We account for non-refundable advance payments for goods or services that will be used in future research and development activities as expenses when the goods have been received or when the service has been performed rather than when the payment is made.

Clinical trial costs are a component of research and development expenses. We expense costs for our clinical trial activities performed by third parties, including clinical research organizations (“CROs”) and other service providers, as they are incurred, based upon estimates of the work completed over the life of the individual study in accordance with the associated agreements. We use information received from internal personnel and outside service providers to estimate the clinical trial costs incurred.

External research and development expenses consist primarily of costs incurred for the development of our drug candidates and include:

- expenses incurred under agreements with CROs, investigative sites, and consultants to conduct our clinical trials and preclinical and non-clinical studies;
- costs to acquire, develop and manufacture supplies for clinical trials and other studies, including fees paid to contract manufacturing organizations, or CMOs; and
- costs related to compliance with drug development regulatory requirements.

Internal research and development costs include:

- salaries and related costs, including stock-based compensation and travel expenses, for personnel in our research and development functions;
- costs for consultants who advise us on multiple drug candidates; and
- depreciation and other allocated facility-related and overhead expenses.

We expect our research and development expenses to increase substantially during the next few years as we seek to complete existing and initiate additional clinical trials, pursue regulatory approval of FLX475 and RPT193, and advance other programs into the clinic. Over the next few years, we expect our preclinical, clinical, and contract manufacturing expenses to increase significantly relative to what we have incurred to date. Predicting the timing or the final cost to complete our clinical program or validation of our manufacturing and supply processes is difficult and delays may occur because of many factors.

General and Administrative Expenses

General and administrative expenses consist principally of personnel-related costs including payroll and stock-based compensation for personnel in executive, finance, human resources, business and corporate development, and other administrative functions; professional fees for legal, consulting, and accounting services; rent and other facilities costs, depreciation, and other general operating expenses not otherwise classified as research and development expenses.
We anticipate that our general and administrative expenses will increase substantially during the next few years as a result of staff expansion and additional occupancy costs, as well as costs associated with being a public company, including higher professional fees for legal, consulting, and accounting services, investor relations costs, higher insurance premiums and other compliance costs.

**Other Income, Net**

Other income, net, consists primarily of interest earned on our cash and cash equivalents and also includes interest we earn on promissory notes we executed with our president and chief executive officer and former chief operating officer. The promissory note with our former chief operating officer was extinguished in May 2019, and the promissory note with our president and chief executive officer was forgiven in June 2019. Our cash and cash equivalents are invested in money market funds.

**Critical Accounting Policies, Significant Judgments and Use of Estimates**

Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“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 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. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management’s judgments and estimates.

While our significant accounting policies are described in the notes to our consolidated financial statements, we believe that the following critical accounting policies are most important to understanding and evaluating our reported financial results.

**Research and Development Expenses**

Research and development costs are charged to expense as incurred. Research and development costs consist primarily of salaries and benefits of research and development personnel, costs related to research activities, preclinical studies, clinical trials, drug manufacturing and allocated overhead and facility-related costs. We account for non-refundable advance payments for goods or services that will be used in future research and development activities as expenses when the related goods have been received or when the service has been performed rather than when the payment is made.

Clinical trial costs are a component of research and development expenses. We expense costs for our clinical trial activities performed by third parties, including CROs and other service providers, as they are incurred, based upon estimates of the work completed over the life of the individual study in accordance with associated agreements. We use information we receive from internal personnel and outside service providers to estimate the progress of services performed and the associated clinical trial costs incurred.

**Stock-Based Compensation Expense**

We account for stock-based compensation arrangements with employees in accordance with ASC 718, *Stock Compensation*. Stock-based awards issued by the Company have been primarily stock options with time-based vesting and performance-based options. ASC 718 requires the recognition of compensation expense, using a fair value-based method, for costs related to all stock-based awards. Our determination of the grant-date fair value of stock options with time-based vesting utilizes the Black-Scholes option-pricing model, and is impacted
by the fair value of our common stock as well as other variables including, but not limited to, expected term that options will remain outstanding, expected common stock price volatility over the term of the option awards, risk-free interest rates and expected dividends. There has been no public market for our common stock to date. As such, the estimated fair value of our common stock and underlying stock options has been determined at each grant date by our board of directors, with input from management, based on the information known to us on the grant date and upon a review of any recent events and their potential impact on the estimated per share fair value of our common stock. Our valuations of our common stock were prepared by a third-party valuation firm in accordance with the guidance outlined in the American Institute of Certified Public Accountants Technical Practice Aid, Valuation of Privately Held Company Equity Securities Issued as Compensation (the “Practice Aid”).

For awards with time-based vesting, stock-based compensation is recognized over the period during which an optionee is required to provide services in exchange for the option award, known as the requisite service period (usually the vesting period) on a straight-line basis. For awards with performance-based vesting, the fair value of the award is recognized as expense when the performance criteria are probable of being achieved, using an accelerated attribution method. In both cases, stock-based compensation expense is recognized based on the fair value determined on the date of grant.

Equity instruments issued to non-employees are accounted for in accordance with ASC 505-50, Equity Based Payments to Non-Employees, and are recorded at their fair value on the measurement date and are subject to periodic adjustments as the underlying equity instruments vest. The fair value of options granted to consultants is expensed when vested.

Estimating the fair value of equity-settled awards as of the grant date using the Black-Scholes option pricing model, is affected by assumptions regarding a number of complex variables. Changes in the assumptions can materially affect the fair value and ultimately how much stock-based compensation expense is recognized. These inputs are subjective and generally require significant analysis and judgment to develop. These inputs are:

*Expected term* – The expected term represents the period that our options granted are expected to be outstanding and is determined using the simplified method (based on the mid-point between the vesting date and the end of the contractual term). We have very limited historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior for our stock option grants.

*Expected volatility* – Since we are a privately-held Company and do not have any trading history for our common stock, the expected volatility was estimated based on the average volatility for comparable publicly traded biopharmaceutical companies over a period, where available, equal to the expected term of the stock option grants. The comparable companies were chosen based on their similar size, life cycle stage, or area of specialty.

*Risk-Free Interest Rate* – The risk-free interest rate is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of the options.

*Expected Dividend* – We have never paid dividends on our common stock and has no plans to pay dividends on our common stock. Therefore, we used an expected dividend yield of zero.

We will continue to use judgment in evaluating the expected volatility, expected terms, and interest rates utilized for our stock-based compensation expense calculations on a prospective basis.
Stock-based compensation expense for employees and non-employees is reflected in the consolidated and condensed consolidated statements of operations and comprehensive loss as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>For the Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Research and development</td>
<td>$ 394</td>
<td>$ 542</td>
</tr>
<tr>
<td>General and administrative</td>
<td>322</td>
<td>628</td>
</tr>
<tr>
<td><strong>Total stock-based compensation expense</strong></td>
<td><strong>$ 716</strong></td>
<td><strong>$ 1,170</strong></td>
</tr>
</tbody>
</table>

**Common Stock Valuations**

The grant date fair value of the Company’s common stock has been determined by the Company’s Board of Directors with the assistance of management and an independent third-party valuation specialist. The grant date fair value of the Company’s common stock was determined using valuation methodologies which utilizes certain assumptions including probability weighting of events, volatility, time to liquidation, a risk-free interest rate and an assumption for a discount for lack of marketability (Level 3 inputs). In determining the fair value of the Company’s common stock, the methodologies used to estimate the enterprise value of the Company were performed using methodologies, approaches, and assumptions consistent with the Practice Aid. The methodology to determine the fair value of our common stock included estimating the fair value of the enterprise using a market approach, which estimates the fair value of the Company by including an estimation of the value of the business based on guideline public companies under a number of different scenarios. The assumptions used to determine the estimated fair value of our common stock are based on numerous objective and subjective factors, combined with management judgment, including external market conditions affecting the pharmaceutical and biotechnology industry and trends within the industry; our stage of development; the rights, preferences and privileges of our convertible preferred stock relative to those of our common stock; the prices at which we sold shares of our convertible preferred stock; our financial condition and operating results, including our levels of available capital resources; the progress of our research and development efforts, our stage of development and business strategy; equity market conditions affecting comparable public companies; general U.S. market conditions and the lack of marketability of our common stock.

The Practice Aid identifies various available methods for allocating enterprise value across classes and series of capital stock to determine the estimated fair value of common stock at each valuation date. In accordance with the Practice Aid, we considered the following methods:

- **Option Pricing Method.** Under the option pricing method (“OPM”), shares are valued by creating a series of call options with exercise prices based on the liquidation preferences and conversion terms of each equity class. The estimated fair values of the preferred and common stock are inferred by analyzing these options.

- **Probability-Weighted Expected Return Method.** The probability-weighted expected return method (“PWERM”) is a scenario-based analysis that estimates value per share based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to us, as well as the economic and control rights of each share class.

Based on our early stage of development and other relevant factors, we determined that an OPM was the most appropriate method for allocating our enterprise value to determine the estimated fair value of our common stock for valuations during 2017 and 2018. For the first quarter of 2019, we used the PWERM method to determine the estimated fair value of our common stock. The PWERM is appropriate for a company expecting a near term liquidity event. In determining the estimated fair value of our common stock, we considered the fact...
that our stockholders could not freely trade our common stock in the public markets. Accordingly, we applied discounts to reflect the lack of marketability of our common stock based on the weighted-average expected time to liquidity.

Following the completion of this offering, our board of directors intends to determine the fair value of our common stock based on the closing price of our common stock on the date of grant.

**Income Taxes**

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

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

As of December 31, 2018, our total deferred tax assets were $24.8 million. Due to our lack of earnings history and uncertainties surrounding our ability to generate future taxable income, the net deferred tax assets have been fully offset by a valuation allowance. The deferred tax assets were primarily comprised of federal and state tax net operating losses (“NOLs”). Utilization of NOLs may be limited by the “ownership change” rules, as defined in Section 382 of the Internal Revenue Code. Similar rules may apply under state tax laws. Our ability to use our remaining NOLs may be further limited if we experience an ownership change in connection with this offering, future offerings or as a result of future changes in our stock ownership.

**Results of Operations**

**Comparison of the Years Ended December 31, 2017 and 2018**

The following table summarizes our results of operations for the periods indicated (in thousands):

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2017</th>
<th>2018</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>$25,618</td>
<td>$31,767</td>
<td>$6,149</td>
<td>24%</td>
</tr>
<tr>
<td>General and administrative</td>
<td>3,713</td>
<td>5,180</td>
<td>1,467</td>
<td>40%</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$29,331</td>
<td>$36,947</td>
<td>$7,616</td>
<td>26%</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>$29,331</td>
<td>$36,947</td>
<td>$7,616</td>
<td>26%</td>
</tr>
<tr>
<td>Other (income); net</td>
<td>(216)</td>
<td>(800)</td>
<td>(584)</td>
<td>(270)</td>
</tr>
<tr>
<td>Net loss</td>
<td>$29,115</td>
<td>$36,147</td>
<td>$7,032</td>
<td>24%</td>
</tr>
</tbody>
</table>
Research and Development Expenses

Research and development expenses increased $6.1 million, or 24%, from $25.6 million for the year ended December 31, 2017 to $31.8 million for the year ended December 31, 2018. The increase in research and development expenses was primarily due to an increase of $2.4 million in clinical trial expenses to support our lead clinical candidates, an increase of $1.5 million in outsourced research and development consultants, an increase in laboratory supplies of $1.4 million to support our preclinical programs and an increase in personnel and other costs of $0.8 million as a result of an increase in employee headcount.

The following is a comparison of research and development expenses for the years ended December 31, 2017 and 2018 (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 2017</th>
<th>Year Ended December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLX475</td>
<td>$2,910</td>
<td>$2,941</td>
</tr>
<tr>
<td>RPT193</td>
<td>—</td>
<td>1,324</td>
</tr>
<tr>
<td>Other Programs</td>
<td>2,596</td>
<td>1,204</td>
</tr>
<tr>
<td>Internal research and development expenses</td>
<td>$20,112</td>
<td>$26,298</td>
</tr>
<tr>
<td>Total research and development expenses</td>
<td>$25,618</td>
<td>$31,767</td>
</tr>
</tbody>
</table>

As previously noted, we do not track our own internal research and development costs by drug candidate, as the related efforts and their costs are typically spread across multiple drug candidates.

General and Administrative Expenses

General and administrative expenses increased $1.5 million, or 40%, from $3.7 million for the year ended December 31, 2017 to $5.2 million for the year ended December 31, 2018. The increase in general and administrative expenses was primarily due to an increase of $0.7 million in personnel costs as a result of an increase in employee headcount, an increase of $0.4 million in legal and accounting fees, an increase of $0.2 million in investor relations expense and an increase of $0.1 million in other administrative expenses to support our infrastructure growth.

Other Income, Net

Other income, net increased $0.6 million, from $0.2 million for the year ended December 31, 2017 to $0.8 million for the year ended December 31, 2018. The increase was due to an increase in interest income of $0.6 million primarily as a result of a higher average cash and cash equivalents balances in 2018.
Comparison of the Three Months Ended March 31, 2019 and 2018

The following table summarizes our results of operations for the periods indicated (in thousands):

<table>
<thead>
<tr>
<th>Three Months Ended March 31,</th>
<th></th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>$7,306</td>
<td>$7,870</td>
<td>$564</td>
</tr>
<tr>
<td>General and administrative</td>
<td>1,057</td>
<td>1,674</td>
<td>617</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>8,363</td>
<td>9,544</td>
<td>1,181</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>8,363</td>
<td>9,544</td>
<td>1,181</td>
</tr>
<tr>
<td>Other (income)</td>
<td>(132)</td>
<td>(356)</td>
<td>(224)</td>
</tr>
<tr>
<td>Net loss</td>
<td>$8,231</td>
<td>$9,188</td>
<td>$957</td>
</tr>
</tbody>
</table>

Research and development expenses increased $0.6 million, or 8%, from $7.3 million for the three months ended March 31, 2018 to $7.9 million for the three months ended March 31, 2019. The increase in research and development expenses was primarily due to an increase in toxicology and drug substance expenses of $0.6 million as we prepared our lead drug candidates for clinical trials, an increase of $0.2 million in personnel and outsourced research and development consultants costs as we increased our headcount, an increase of $0.2 million in other research expenses, partially offset by a reduction in expenditures of $0.4 million of laboratory supplies.

The following is a comparison of research and development expenses for the three months ended March 31, 2018 and 2019 (in thousands):

<table>
<thead>
<tr>
<th>Three Months Ended March 31,</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>External development expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FLX475</td>
<td>$664</td>
<td>$1,308</td>
</tr>
<tr>
<td>RPT193</td>
<td>1</td>
<td>836</td>
</tr>
<tr>
<td>Other Programs</td>
<td>46</td>
<td>75</td>
</tr>
<tr>
<td>Internal research and development expenses</td>
<td>$6,595</td>
<td>$5,651</td>
</tr>
<tr>
<td>Total research and development expenses</td>
<td>$7,306</td>
<td>$7,870</td>
</tr>
</tbody>
</table>

As previously noted, we do not track our own internal research and development costs by drug candidate, as the related efforts and their costs are typically spread across multiple drug candidates.

General and Administrative Expenses

General and administrative expenses increased $0.6 million, or 58%, from $1.1 million for the three months ended March 31, 2018 to $1.7 million for the three months ended March 31, 2019. The increase in general and administrative expenses was primarily due to an increase of $0.2 million in personnel and consulting costs as a result of an increase in headcount, an increase of $0.2 million in legal and accounting fees, and an increase of $0.2 million in other administrative expenses to support our infrastructure growth.
Other Income, Net

Other income, net increased $0.2 million from $0.1 million for the three months ended March 31, 2018 to $0.4 million for the three months ended March 31, 2019. The increase was as a result of a higher average cash and cash equivalents balances in 2019.

Liquidity and Capital Resources; Plan of Operations

As of March 31, 2019, we had cash and cash equivalents of $61.8 million. Our cash equivalents are held in money market funds. Since inception, we have incurred net losses and negative cash flows from operations. At March 31, 2019, we had an accumulated deficit of $128.1 million. The promissory note with our former chief operating officer was extinguished in May 2019 and the promissory note with our president and chief executive officer was forgiven in June 2019.

We have historically financed our operations primarily through the sale of convertible preferred stock. We believe that our existing cash and cash equivalents will be sufficient to fund our planned operations for the next 12 months from the date of this prospectus without the proceeds from this offering. Management expects operating losses to continue for the foreseeable future. As we continue to incur losses, a transition to profitability is dependent upon the successful development, approval and commercialization of our drug candidates and the achievement of a level of revenues adequate to support our cost structure. We will continue to require additional capital to develop our drug candidates and fund operations for the foreseeable future. We may seek to raise capital through private or public equity or debt financings, collaborative or other arrangements with other companies, or through other sources of financing. Adequate additional funding may not be available to us on acceptable terms, or at all.

Our failure to raise capital as and when needed could have a negative impact on our financial condition and our ability to pursue our business strategies. We anticipate that we will need to raise substantial additional capital, the requirements of which will depend on many factors, including:

- the scope, rate of progress and costs of our drug discovery, preclinical development activities, laboratory testing and clinical trials for our drug candidates;
- the number and scope of clinical programs we decide to pursue;
- the scope and costs of manufacturing development and commercial manufacturing activities;
- the extent to which we acquire or in-license other drug candidates and technologies;
- the cost, timing and outcome of regulatory review of our drug candidates;
- the cost and timing of establishing sales and marketing capabilities, if any of our drug candidates receive marketing approval;
- the costs of preparing, filing and prosecuting patent applications, obtaining, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- our ability to establish and maintain collaborations on favorable terms, if at all;
- our efforts to enhance operational systems and our ability to attract, hire and retain qualified personnel, including personnel to support the development of our drug candidates;
- the costs associated with being a public company; and
- the cost associated with commercializing our drug candidates, if they receive marketing approval.

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If we raise additional funds by issuing equity securities, our stockholders may experience dilution. Any future debt financing into which we enter may impose upon us additional covenants that restrict our operations, including limitations on our ability to incur liens or additional debt, pay dividends, repurchase our common stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. Any debt financing or additional equity that we raise may contain terms that are not favorable to us or our stockholders. If we are unable to raise additional funds when needed, we may be required to delay, reduce, or terminate some or all of our development programs and clinical trials. We may also be required to sell or license to other parties rights to develop or commercialize our drug candidates that we would prefer to retain.

See “Risk Factors” for additional risks associated with our substantial capital requirements.

Summary Consolidated Statement of Cash Flows

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

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Net cash (used in) provided by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities</td>
<td>$ (27,123)</td>
<td>$ (32,953)</td>
</tr>
<tr>
<td>Investing activities</td>
<td>(1,124)</td>
<td>(3,500)</td>
</tr>
<tr>
<td>Financing activities</td>
<td>30,102</td>
<td>52,734</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>$ 1,855</td>
<td>$ 16,281</td>
</tr>
</tbody>
</table>

Cash Used in Operating Activities

Net cash used in operating activities was $27.1 million for the year ended December 31, 2017, reflecting a net loss of $29.1 million, net changes in operating assets and liabilities of $0.1 million, partially offset by non-cash charges for depreciation, amortization and stock-based compensation expense of $2.1 million. Net cash used in operating activities was $33.0 million for the year ended December 31, 2018, reflecting a net loss of $36.1 million, partially offset by non-cash charges for depreciation, amortization and stock-based compensation expense of $2.4 million, and net decreases in operating assets and liabilities of $0.7 million.

Net cash used in operating activities was $7.6 million for the three months ended March 31, 2018, reflecting a net loss of $8.2 million, partially offset by non-cash charges for depreciation, amortization and stock-based compensation expense of $0.6 million. Net cash used in operating activities was $8.6 million for the three months ended March 31, 2019, reflecting a net loss of $9.2 million, partially offset by non-cash charges for depreciation, amortization and stock-based compensation expense of $0.7 million and net increases in operating assets and liabilities of $0.1 million.

Cash Used in Investing Activities

Cash used in investing activities was $1.1 million and $3.5 million for years ended December 31, 2017 and 2018, respectively, and primarily resulted from the purchase of laboratory equipment and leasehold improvements.

Cash used in investing activities was $0.4 million and $0.4 million for the three months ended March 31, 2018 and 2019, respectively, and primarily resulted from the purchase of laboratory equipment and leasehold improvements.
Cash Provided by Financing Activities

Net cash provided by financing activities was $30.1 million and $52.7 million for the years ended December 31, 2017 and 2018, respectively, resulting from the receipt of net proceeds from the issuance of our convertible preferred stock.

Net cash provided by financing activities was $0.1 million for the three months ended March 31, 2018 resulting from proceeds received from stock options exercises. Net cash provided by financing activities was $7.0 million for the three months ended March 31, 2019 resulting from net proceeds from the issuance of our convertible preferred stock.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of March 31, 2019 (in thousands):

<table>
<thead>
<tr>
<th>Payment due by Period</th>
<th>Less than 1 year</th>
<th>2-3</th>
<th>4 to 5</th>
<th>After 5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Lease obligations</td>
<td>$1,411</td>
<td>$3,716</td>
<td>$4,183</td>
<td>$6,035</td>
<td>$15,345</td>
</tr>
</tbody>
</table>

As of March 31, 2019, our commitments consisted of operating leases for our operating facilities for approximately 36,754 square feet. Under the terms of the agreements, we will have lease obligations, net of sublease income, consisting of $15.3 million in payments from 2019 through 2026.

We enter into contracts in the normal course of business with third-party contract organizations for clinical trials, non-clinical studies and testing, and other services and products for operating purposes. These contracts generally provide for termination following a certain period after notice, and therefore we believe that our non-cancelable obligations under these agreements are not material and they are not included in the table above.

Off-Balance Sheet Arrangements

Since our inception, we have not engaged in any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Indemnification

As permitted under Delaware law and in accordance with our bylaws, we indemnify our officers and directors for certain events or occurrences while the officer or director is or was serving in such capacity. We are also party to indemnification agreements with our officers and directors. We believe the fair value of the indemnification rights and agreements is minimal. Accordingly, we have not recorded any liabilities for these indemnification rights and agreements as of December 31, 2017 and December 31, 2018.

JOBS Act Accounting Election

The Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), permits an “emerging growth company” such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to elect the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.
We elected to use this extended transition period for complying with new or revised accounting standards, including but not limited to the new lease accounting standard, that have different effective dates for public and private companies until the earlier of the date that we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, these financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. We early adopted Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Accounting Standards Codification Topic 606), and Accounting Standards Update 2018-07, Improvements to Nonemployee Share-Based Payment Accounting (Accounting Standards Codification Topic 718), as the JOBS Act does not preclude an emerging growth company from early adopting a new or revised accounting standard earlier than the time that such standard applies to private companies. We expect to use the extended transition period for any other new or revised accounting standards during the period in which we remain an emerging growth company.

We will remain an emerging growth company until the earliest of (1) the last day of our first fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenue of at least $1.07 billion, or (ii) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700.0 million of the prior June 30th and (2) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

Recent Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This standard is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The standard is effective for annual periods beginning after December 15, 2018 using one of two retrospective application methods. Early adoption is permitted, but not before annual periods beginning after December 15, 2016. We have elected to adopt this standard as of January 1, 2018. The adoption of ASU No. 2014-09 did not have any impact on our consolidated financial statements and related disclosures.

In August 2018, the SEC issued a final rule to simplify certain disclosure requirements. In addition, the amendments expanded the disclosure requirements on the analysis of stockholders’ equity for interim financial statements. In August and September 2018, further amendments were issued to provide implementation guidance on adoption of the SEC rule and transition guidance for the new interim stockholders’ equity disclosure. We adopted these requirements in the first quarter of 2019.

In May 2017, the FASB issued ASU No. 2017-09, Compensation—Stock Compensation (Topic 718), Scope of Modification Accounting. This pronouncement provides guidance about which changes to the terms or conditions of a share-based payment award may require an entity to apply modification accounting under Topic 718. This guidance is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. We adopted this standard on January 1, 2018. The adoption of ASU No. 2017-09 did not have a significant impact on our consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230), which provides greater clarity to preparers on the treatment of certain items within an entity’s statement of cash flows. The new guidance is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The guidance becomes effective on January 1, 2019 and early adoption is permitted. We
adopted this standard on January 1, 2019. The adoption of ASU No. 2016-15 did not have a significant impact on our interim condensed consolidated financial statements and related disclosures.

**Recent Accounting Pronouncements Not Yet Adopted**

Under the JOBS Act, we meet the definition of an emerging growth company, and have elected the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurements (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* as part of the FASB’s disclosure framework project. This ASU modifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement by removing the requirement to disclose amounts of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, and the valuation process for Level 3 fair value measurements. This ASU also modifies existing disclosure requirements by clarifying that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date, and it adds required disclosures for the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period, and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. This ASU will be effective for the Company for fiscal years and interim periods within those fiscal years, beginning after December 15, 2019. We are currently assessing the impact of this ASU on our consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Non-Employee Share-Based Payment Accounting* as part of the FASB simplification initiative. The new standard expands the scope of Topic 718, allowing us to apply the requirements of Topic 718 to certain non-employee awards to acquire goods and services from non-employees. This ASU will be effective for the Company for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, with early adoption permitted. We are currently assessing the timing of adoption and the impact that the adoption of ASU 2018-07 will have on our consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. ASU 2016-02 requires lessees to put most leases on their balance sheet while recognizing expense in a manner similar to existing accounting. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The new accounting guidance is effective for fiscal periods beginning after December 15, 2019 and early adoption is permitted. The Company plans to adopt this standard on January 1, 2020 and is currently evaluating the impact that the adoption of ASU 2016-02 will have on our consolidated financial statements and related disclosures.

**Quantitative and Qualitative Disclosures about Market Risk**

The market risk inherent in our financial instruments and in our financial position represents the potential loss arising from adverse changes in interest rates or exchange rates. As of March 31, 2019, we had cash and cash equivalents of $61.8 million, consisting of interest-bearing money market accounts for which the fair market value would be affected by changes in the general level of United States interest rates. However, due to the short-term maturities and the low-risk profile of our investments, an immediate 10% change in interest rates would not have a material effect on the fair market value of our cash, cash equivalents and investments.

We do not believe that inflation, interest rate changes, or exchange rate fluctuations had a significant impact on our results of operations for any periods presented herein.
BUSINESS

Overview

We are a clinical-stage immunology-based biopharmaceutical company focused on discovering, developing and commercializing oral small molecule therapies for patients with significant unmet needs in oncology and inflammatory diseases. Utilizing our proprietary drug discovery and development engine, we are developing highly selective small molecules designed to modulate the critical immune responses underlying these diseases. In our first four years since inception, we have discovered and advanced two unique drug candidates each targeting C-C motif chemokine receptor 4 ("CCR4"). Our lead oncology drug candidate, FLX475, reached the clinic in just two and a half years and we expect our lead inflammation drug candidate, RPT193, to enter the clinic in the second half of 2019. We are also pursuing a range of targets, including general control nonderepressible 2 ("GCN2") and hematopoietic progenitor kinase 1 ("HPK1"), that are in the discovery stage of development.

Our lead oncology drug candidate, FLX475, selectively inhibits the migration of immunosuppressive regulatory T cells ("T_{reg}") into tumors. In a Phase 1 clinical trial in 104 healthy volunteers, FLX475 was well tolerated and demonstrated favorable drug-like properties with a level of target engagement that, in our preclinical studies, corresponded with 90% inhibition of in vitro T_{reg} migration and the highest level of inhibition of in vivo T_{reg} migration and antitumor activity. FLX475 has also demonstrated robust single agent and combination activity in preclinical tumor models by selectively inhibiting T_{reg} migration into the tumor. We are currently conducting a Phase 1/2 clinical trial investigating FLX475 as a single agent and in combination with pembrolizumab (marketed as Keytruda) in patients with "charged" tumors who we believe have the greatest probability of clinical benefit, in order to study the safety and potential clinical activity of FLX475 in patients with advanced cancer. We anticipate results from the Phase 2 portion of the trial could provide clinical proof-of-concept ("PoC") data in the first half of 2020.

Our lead inflammation drug candidate, RPT193, is designed to selectively inhibit the migration of type 2 T helper cells ("Th2 cells"), into allergically-inflamed tissues. Th2 cells are clinically validated drivers of allergic diseases along the "atopic march" such as atopic dermatitis ("AD"), asthma, chronic urticaria (skin rash), allergic conjunctivitis, chronic rhinosinusitis and eosinophilic esophagitis (inflammation of the esophagus). Our preclinical pharmacology and toxicology results for RPT193 showed activity in clinically validated pathways in allergic inflammatory disease models to a degree we believe, if confirmed in clinical trials, would be competitive with currently marketed injectable biologics and show a safety profile that suggests chronic dosing in humans should be well tolerated. We believe the preclinical toxicology and activity results, combined with the convenience of once-daily oral dosing, suggest a profile competitive with standard of care and emerging clinical-stage drug candidates. We expect to initiate a seamless Phase 1 trial of RPT193 comprised initially of Phase 1a single and multiple dose escalation cohorts of healthy volunteers in the second half of 2019, followed by placebo-controlled Phase 1b testing in patients with moderate to severe AD. We submitted a Clinical Trial Application ("CTA") in Europe in June 2019 and plan to submit an Investigational New Drug application ("IND") in the United States in the third quarter of 2019 for this Phase 1 trial. We anticipate PoC clinical results from the Phase 1b portion of this study by mid-2020. Thereafter, we intend to expand clinical development into additional Th2-driven allergic indications.

In addition, we are identifying lead compounds that inhibit GCN2, which we believe is a fundamental regulator of antitumor immunity and tumor cell survival. Preclinical studies have demonstrated that a potential inhibitor of GCN2 (an "RPT-GCN2i"), has the ability to restore in vitro T cell proliferation and function in nutrient-deprived conditions, enhance tumor cell death and elicit antitumor responses in preclinical tumor models. We are developing an RPT-GCN2i with the intent of filing an IND with the FDA in 2020.

We will continue to invest in our proprietary discovery and development engine and investigate several of our identified targets as well as generate additional target and drug candidates, including a future HPK1 drug candidate.
We internally discovered and designed all of our drug candidates. We hold worldwide rights to each of our drug candidates.

**Our Pipeline: Highly Selective Oral Compounds Targeting Critical Immune Drivers**

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>DISCOVERY</th>
<th>PRECLINICAL</th>
<th>PHASE 1</th>
<th>PHASE 2</th>
<th>PHASE 3</th>
<th>Anticipated Program Milestone</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLX475 Cancer</td>
<td></td>
<td></td>
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<td></td>
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<td>PoC: 1H 2020</td>
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<tr>
<td>RPT193 Inflammation</td>
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<td>PoC: Mid-2020</td>
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<tr>
<td>RPT-GCN2i</td>
<td></td>
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<td>IND Filing: 2020</td>
</tr>
<tr>
<td>HPK1</td>
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</table>


** Initial Phase 1 study in healthy volunteers and patients with atopic dermatitis estimated to start in 2H 2019, subject to acceptance of our CTA in Europe, which was filed in June 2019. Subsequent Phase 2 studies may include additional allergic diseases beyond atopic dermatitis, including asthma, chronic urticaria (skin rash), allergic conjunctivitis, chronic rhinosinusitis and eosinophilic esophagitis (inflammation of the esophagus).

**Key Upcoming Milestones**

<table>
<thead>
<tr>
<th>Time</th>
<th>FLX475 Milestones</th>
<th>RPT193 Milestones</th>
<th>RPT-GCN2i Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1H</td>
<td>Phase 1 dose escalation (monotherapy &amp; combo)</td>
<td>CTA Filing</td>
<td></td>
</tr>
<tr>
<td>2H</td>
<td>Phase 2 (Stage 1) enrollment</td>
<td>Phase 1a first-in-human study</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>Phase 2 clinical PoC</td>
<td>Phase 1b clinical PoC in AD</td>
<td>Candidate selection</td>
</tr>
<tr>
<td></td>
<td>Follow-on studies and potential registrational studies</td>
<td>Initiate Phase 2 in AD &amp; additional indications</td>
<td>IND filing</td>
</tr>
</tbody>
</table>

**Our CCR4 Franchise**

Our proprietary drug discovery and development engine has identified the cell surface receptor CCR4 as a drug target that potentially has broad applicability in oncology and inflammatory diseases. Receptors such as CCR4 bind to chemoattractant molecules called chemokines that orchestrate migration and homing of immune cells to specific tissues throughout the body. Chemokines specific for CCR4 are secreted from tumors and from...
allergically-inflamed tissues, but are not highly expressed in healthy tissues. Our approach is designed to enable selective restoration of the immune response within the tumor and allergically-inflamed tissues without systemically depleting immune cells and broadly suppressing the immune system. Each of our two unique drug candidates, FLX475 and RPT193, target CCR4 in a manner we believe is well suited for cancer and inflammatory disease, respectively.

**CCR4 Antagonist for Oncology: FLX475**

We are developing FLX475 for the treatment of a broad range of “charged” tumors, which represent cancer types we believe are most likely to respond to FLX475. In cancer, the secretion of certain chemokines from tumor cells and tumor-resident immune cells is responsible for recruitment of immunosuppressive T<sub>reg</sub> to tumor sites. T<sub>reg</sub> represent a dominant pathway for downregulating the immune response, and thus may limit the effectiveness of currently available therapies such as checkpoint inhibitors. Therefore, blocking the migration of T<sub>reg</sub> has the potential to restore naturally-occurring antitumor immunity as well as to synergize with a variety of both conventional and immune-based therapies, such as radiation, chemotherapy, checkpoint inhibitors, immune stimulators and adoptive T cell therapy. We believe that the inhibition of CCR4 has the potential to bring therapeutic benefit to patients across a wide spectrum of tumors in a manner similar to other immuno-oncology therapies that have been shown to be effective against multiple tumor types, while also potentially deepening or broadening clinical responses to these therapies.

**FLX475: Highly Selective Approach for Targeting Tumor T<sub>reg</sub>**

Our proprietary drug discovery and development engine has identified certain tumors in which the abundance of T<sub>reg</sub> is likely to be a cause of immune suppression. We refer to these tumors as “charged,” as defined by their expression of high levels of (i) CCR4 ligands, (ii) T<sub>reg</sub> and (iii) CD8<sup>+</sup> effector cells. These “charged” tumors include non-small cell lung cancer (“NSCLC”), triple negative breast cancer (“TNBC”), head and neck squamous cell carcinoma (“HNSCC”), nasopharyngeal cancer (“NPC”), gastric cancer, certain Hodgkin (“HL”) and non-Hodgkin lymphomas (“NHL”), and cervical cancer. Additionally, we have discovered that the presence of oncogenic viruses, such as Epstein-Barr virus (“EBV”) and human papillomavirus (“HPV”), is associated with tumors that are highly “charged” and allows prospective patient selection.

FLX475 is a small molecule CCR4 antagonist that blocks the migration of T<sub>reg</sub> specifically into tumors, but not healthy tissues, without depleting T<sub>reg</sub> throughout the body, which we believe may decrease the likelihood of side effects. Adverse safety events have been observed in clinical studies of T<sub>reg</sub>-depleting antibodies, including those with mogamulizumab (marketed as Poteligeo), a depleting antibody targeting CCR4. Mogamulizumab has also been shown to deplete effector immune cells, which is thought to limit their effectiveness in patients. In preclinical tumor models, FLX475 was shown to selectively bind to CCR4 and
inhibit the migration of Treg into tumors without affecting healthy tissue, increase the number of CD8+ effector T cells in the tumor, improve tumor control and, as a single agent or in combination with checkpoint inhibitors, lead to tumor reduction or eradication. In addition, in preclinical tumor models, inhibition of CCR4 with FLX475 did not negatively impact effector immune cells.

We have completed a placebo-controlled, double-blinded dose-escalating Phase 1 clinical trial of FLX475 in 104 healthy volunteers. FLX475 was well tolerated and demonstrated dose-dependent inhibition of CCR4 with no observed immune-related adverse events or significant clinical adverse events. Daily dosing within the single dose arm ranged between 5 mg and 1,000 mg and in the multiple dose arm between 25 mg and 150 mg a day for 14 days. At the 75 mg daily dose, FLX475 exceeded the targeted receptor occupancy in six out of six healthy volunteers, which, in our preclinical studies, corresponded with a 90% inhibition of in vitro Treg migration and the highest level of inhibition of in vivo Treg migration and antitumor activity. We are currently enrolling a Phase 1/2 trial of FLX475 as a monotherapy, and in combination with pembrolizumab, in patients with “charged” tumors and anticipate results from the Phase 2 portion of the trial could provide clinical PoC data in the first half of 2020.

We hold worldwide rights to FLX475 and own an issued U.S. composition of matter patent with respect to FLX475 that is scheduled to expire in 2037.

**CCR4 Antagonist for Allergic Inflammatory Disease: RPT193**

RPT193 is a small molecule CCR4 antagonist that blocks the recruitment of inflammatory immune cells, known as Th2 cells, which are clinically implicated in allergic inflammatory diseases. We are developing RPT193 for the treatment of a broad range of allergic inflammatory diseases, the first of which is AD, a chronic, inflammatory skin disease characterized by skin barrier disruption and immune dysregulation. We intend to initiate a seamless first in human trial in 2019 starting with Phase 1a single and multiple dose escalation cohorts in healthy volunteers followed by placebo-controlled Phase 1b testing in patients with moderate to severe AD. We submitted a CTA in Europe in June 2019 and plan to submit an IND in the United States in the third quarter of 2019 for this Phase 1 trial. We anticipate PoC clinical results from the Phase 1b portion of this study by mid-2020.

While there are marketed injectable products for the treatment of AD, as well as oral and injectable drug candidates in development, we believe there is an unmet need for a safe, oral treatment with comparable efficacy. Our preclinical pharmacology and toxicology results for RPT193 showed activity in clinically validated pathways in allergic inflammatory disease models to a degree we believe, if confirmed in clinical trials, would be competitive with currently marketed injectable biologics and show a safety profile that suggests chronic dosing in humans should be well tolerated. We believe the preclinical toxicology and activity results for RPT193, combined with the convenience of once-daily oral dosing, suggest a profile competitive with standard of care and emerging clinical-stage drug candidates.

CCR4 is highly expressed on Th2 cells. In allergic inflammatory diseases, including AD, chemokines recruit Th2 cells via CCR4 into inflamed tissues. Once Th2 cells enter tissues such as the skin or the airways in the lung, they secrete proteins known to drive the inflammatory response. The role of Th2 cells has been clinically validated by, among others, dupilumab, an injectable biologic targeting this pathway. Further evidence of CCR4’s role in AD includes the observation of higher levels of CCR4 ligands in AD patients compared with healthy humans; these ligands also correlate with the severity of disease. We believe that by inhibiting CCR4, RPT193 has the potential to bring therapeutic benefit to patients across a broad spectrum of additional allergic inflammatory diseases, including asthma, chronic urticaria, allergic conjunctivitis, chronic rhinosinusitis and eosinophilic esophagitis.
RPT193 Acts on a Well-Validated Pathway in AD and Asthma

We are developing RPT193 initially in AD because there is:

- an unmet need for a safe and effective oral treatment;
- a potentially efficient path to PoC, due to high prevalence of disease and short time to clinically relevant endpoints;
- a well-defined set of clinical endpoints that have historically been accepted for regulatory approval, which are usable for PoC as well as for subsequent pivotal studies;
- easy access to patient samples, such as skin biopsies, to interrogate mechanisms of action and clinical biomarkers of efficacy; and
- a precedent that PoC in AD has translated to other Th2-driven allergic inflammatory diseases.

We hold worldwide rights to RPT193 and have pending patent applications with respect to RPT193 that, if issued, would be scheduled to expire in 2039.

**GCN2 and HPK1 for Oncology**

GCN2 is a fundamental driver of immune suppression and the survival of tumor cells under the conditions of metabolic stress typically seen in the tumor microenvironment (“TME”). Preclinical studies have shown that the inhibition of GCN2 results in tumor cell death in vitro and restoration of immune function under these stress conditions. The GCN2 pathway is generally not active in healthy tissue suggesting the potential for a favorable therapeutic index for drugs targeting GCN2. Preclinical in vitro and in vivo studies have demonstrated that an RPT-GCN2i has the ability to restore T cell proliferation and function in nutrient-deprived conditions, to overcome immune suppression induced by myeloid-derived suppressor cells (“MDSC”), and to elicit antitumor responses in animal models. We are developing an RPT-GCN2i with the intent of filing an IND with the FDA in 2020.
HPK1 is a negative regulator of T cell activation, and the inhibition of HPK1 has the potential to enhance T cell function and antitumor activity.

Our Proprietary Drug Discovery and Development Engine

Through our team’s deep expertise in immunology and drug discovery, supported by advanced computational biology, we are developing the ability to exploit difficult targets, including through proprietary know-how. We refer to this as our “proprietary drug discovery and development engine.” This engine is built upon the following four key pillars:

- computationally-driven disease target and biomarker identification;
- efficient design of small molecule drug properties;
- data-driven patient selection; and
- nimble clinical execution.

We believe that the drug candidates generated from this engine, if approved, will significantly improve the treatment paradigms and outcomes for patients by fundamentally modulating the immune responses in a range of cancers and inflammatory diseases.
Our Team and Investors

Our management and scientific teams and scientific advisory board have substantial expertise in three areas key to our success: immunology, small molecule drug discovery and development and computational biology. Collectively, our executives have contributed to the research and development of multiple approved drugs, including Gazyva, Venclexta, Tavalisse, Actemra, Provence and Xgeva.

We have assembled a leadership team and advisory group with a proven track record of success, and a team of scientists with substantive knowledge and expertise especially in human immune biology and also in the drug discovery and development and translational areas essential to execute on this approach. Our President and Chief Executive Officer, Brian Wong, M.D., Ph.D., previously served as Senior Vice President, Research, and Head of Immuno-Oncology at Five Prime Therapeutics and Director of Research in the Inflammation Disease Biology Area at Roche. William Ho, M.D., Ph.D., our Chief Medical Officer, previously led clinical development at Igenica Biotherapeutics and the development of multiple products at Genentech including Gazyva and Venceleta. Our Chief Scientific Officer, Dirk Brockstedt, Ph.D., previously served as Executive Vice President of Research and Development at Aduro Biotech. Our Vice President, Quantitative and Computational Biology, Paul Kassner, Ph.D., previously served as Director of Research and Head of the Genome Analysis Unit at Amgen. Before joining RAPT, our Senior Vice President of Drug Discovery and Preclinical Development, David Wustrow, Ph.D., most recently served as Vice President, Chemical and Pharmaceutical Sciences at Cleave Biosciences. Our Vice President, Finance and Corporate Controller, Karen C. Lam, previously served as Senior Director, Controller of True North Therapeutics and Controller at iPierian and Ms. Lam is a Certified Public Accountant (inactive). Our Vice President, Human Resources, Erin Campany, previously served as Head of Human Resources at Immune Design and Senior Director, Global Human Resources at Acorda Therapeutics.

Our management team is supported by a scientific advisory board comprised of leading clinicians and scientific researchers, including Alexander Rudensky, Ph.D. (Memorial Sloan Kettering Cancer Center); Antoni Ribas, M.D., Ph.D. (UCLA); Scott Antonia, M.D., Ph.D. (Duke University); Drew Pardoll, M.D., Ph.D. (Johns Hopkins University); Philip Greenberg, M.D., Ph.D. (Fred Hutchinson Cancer Research Center); Robert Zamboni, Ph.D. (McGill University); Emma Gutman-Yassky, M.D., Ph.D. (Mt. Sinai); and David Goeddel, Ph.D. (The Column Group). Our clinical advisors also include Jasmina Jankicevic, M.D. (Premier Research); Thomas Bieber, M.D. (University of Bonn, Germany); and Andrew Blauvelt, M.D., M.B.A. (Oregon Medical Research Center).

We are backed by leading corporate and institutional investors, including The Column Group, GV, Kleiner Perkins, Topspin Partners and Celgene Corporation.

Our Strategy

• **Advance our lead candidate, FLX475, through clinical development to commercialization in “charged” tumor types, which represent cancer types we believe are most likely to respond to FLX475.** We expect to rapidly evaluate FLX475’s efficacy in multiple tumor types both as a single agent and in combination with other immuno-oncology agents such as programmed cell death 1 (“PD-1”) checkpoint inhibitor. Our goal is to expeditiously progress into registration trials to ultimately enable treatment of cancer patients for whom current treatments are inadequate.

• **Enhance the impact of RPT193 by expanding development across multiple allergic diseases.** We are initially developing RPT193 for AD because the characteristics of the disease present an opportunity to rapidly demonstrate RPT193’s anti-inflammatory effect. We believe this anti-inflammatory effect, along with its convenient oral administration and good preclinical safety profile, has potential clinical translatability in a variety of allergic diseases beyond AD, including allergic asthma, chronic urticaria, chronic rhinosinusitis, allergic conjunctivitis and eosinophilic esophagitis.
Develop and advance a preclinical RPT-GCN2 inhibitor into clinical trials. We view our preclinical programs as important drivers of long-term growth and stability of our company. Our goal is to rapidly advance our programs to generate validating preclinical data that warrant clinical development.

Expand our pipeline by leveraging our proprietary drug discovery and development engine and small molecule expertise. We believe there are additional identifiable targets that will be important to fundamentally modulating the immune response in the treatment of cancer and inflammatory diseases. We will continue to invest in our proprietary discovery and development engine and investigate several of our identified targets as well as generate additional target and drug candidates, including a future HPK1 drug candidate.

Utilize collaborations in support of our long-term goals. We plan to selectively use collaborations and partnerships as strategic tools to maximize the value of our drug candidates.

Drug Discovery and Development Engine

We credit our rapid identification of therapeutic targets and drug candidate selection to our proprietary drug discovery and development engine, which relies on our team’s deep expertise in immunology and chemistry, supported by strong computational biology and the ability to exploit difficult targets through our advanced discovery engine. The key pillars of our proprietary drug discovery and development engine are as follows.

Our Integrated Drug Discovery and Development Engine is Designed to Improve Probability of and Speed to Clinical Success

1) Computationally-Driven Disease Target and Biomarker Identification. We use proprietary methods to identify targets that we believe have a high propensity to drive the immune response in disease states such as in oncology and inflammatory diseases by computationally screening a combination of proprietary and public databases. Through this process we also identify biomarkers that can guide our clinical development strategy and increase the probability of clinical success.
computational screen we designed to seek tumor-infiltrating lymphocyte modulating genes identified CCR4 and HPK1 as potential targets. In addition to well-known and clinically validated targets such as PD-1 and cytotoxic T-lymphocyte associated protein 4 ("CTLA-4"), our target identification approach has also uncovered what we believe are key immune drivers of pathology that have not been fully explored but which may offer significant therapeutic potential. We have designed additional screens that have identified potential targets controlling (i) tumor and immune metabolism, (ii) resistance to checkpoint therapy and (iii) suppressive myeloid cells.

2) **Efficient Design of Small Molecule Drug Properties.** Key to our rapid discovery of small molecules is our use of structure and pharmacophore-based drug design strategies, and machine-learning assisted structure-activity-relationships to improve potency, selectivity and pharmacokinetic ("PK") properties, along with early testing in physiologically-relevant immune assays to rapidly identify highly selective, orally-administered small molecules. This seamless integration of biology, chemistry and pharmacokinetic disciplines allows for rapid cycle times and quick iterations between hypothesis and compound selection. An example is our lead CCR4 program that moved from concept to first-in-human testing in two and a half years. Using pharmacophore modeling we identified novel templates which selectively inhibit the CCR4 receptor. These were then rapidly refined for biological activity and robust oral bioavailability. Once lead candidates are identified, strong in-house synthetic expertise quickly develops improved synthetic methodologies that facilitates large scale synthesis needed for broader testing. Employing these techniques allowed us to assess a variety of novel chemical structures to derive our clinical candidates FLX475 and RPT193, which have favorable potency and PK properties. We are now utilizing similar strategies and leveraging novel structure-based drug design techniques to improve potency, selectivity and pharmacokinetic properties to identify leads in our GCN2 and HPK1 programs.

3) **Data-Driven Patient Selection.** A key strategy for every program is to identify a patient selection and enrichment approach. Our proprietary drug discovery and development engine enables enrichment and prospective selection of patients in our early clinical trials that we believe increase the probability of clinical success. Using proprietary and public databases, we can mine contextually-rich molecular and clinical data from disease tissues to identify tumor types and inflammatory disease indications that we believe will be most likely to respond to our therapeutic agents.

4) **Nimble Clinical Execution.** We believe our precision medicine approach enables a rapid path to PoC and the potential for accelerated regulatory approval.

We have leveraged this engine to identify and target CCR4, a key driver of the immune response in both oncology and allergic inflammatory disease. For FLX475, we achieved a rapid pace from concept to the clinic in only two and a half years, with RPT193 expected to enter the clinic in the second half of 2019.

**Background on CCR4 in Oncology and Allergic Inflammatory Disease**

**CCR4: A Key Modulator Across the Immunological Continuum**

The immune system is a series of complex interactions between different types of white blood cells. T cells are one category of these cells that play crucial roles in immunological memory, regulation and responses. One subset of these T cells that are characterized by the cluster of differentiation 4 ("CD4") glycoprotein on their cell surfaces, the CD4 T cells, are paramount in directing immune responses and immune tolerance. Two main CCR4-expressing CD4 T cells of clinical interest are called T_{reg} and Th2 cells. T_{reg} and Th2 cells both express CCR4, which is a receptor that binds to chemokines that orchestrate cell migration and homing throughout the body. The two chemokines that bind to this receptor, C-C motif chemokine ligand 17 ("CCL17") and C-C motif
chemokine ligand 22 (“CCL22”), are over expressed and secreted by tumors and allergically inflamed tissues. This over expression allows for the theoretical manipulation of CCR4 and, consequently, its two CD4 T cell subtypes to address diseases across the immunological continuum spanning underactive to overactive immune responses in oncology and allergic inflammatory disease.

**CCR4 Drives Tumor Immunity and Allergic Inflammation**

In cancer, the secretion of certain chemokines from tumor cells and tumor-resident immune cells recruits immunosuppressive T cells called T\(_\text{reg}\) to tumor sites. T\(_\text{reg}\) represent a dominant pathway for downregulating the immune response. Blocking the migration of T\(_\text{reg}\) has been shown to have both the potential to unleash naturally-occurring antitumor immunity and to synergize with a variety of both conventional and immune-based therapies, such as radiation, chemotherapy, checkpoint inhibitors and adoptive T cell therapy. T\(_\text{reg}\) recruitment into tumors is dependent on CCR4, whose ligands are produced by tumor cells themselves or by tumor-associated macrophages. CCR4 is highly expressed on T\(_\text{reg}\) and not highly expressed or used by effector or cytotoxic T cells, suggesting that targeting CCR4 may selectively block T\(_\text{reg}\) migration into tumors. We believe that a therapeutic drug that specifically inhibits T\(_\text{reg}\) migration into tumors has the potential to specifically enhance immuno-oncology efficacy without the serious risks associated with current CCR4 approaches that systemically deplete T cells and broadly suppress the immune system.

**CCR4: Modulating Underactive Immune Activity in Oncology**

In cancer, the secretion of certain chemokines from tumor cells and tumor-resident immune cells recruits immunosuppressive T cells called T\(_\text{reg}\) to tumor sites. T\(_\text{reg}\) represent a dominant pathway for downregulating the immune response. Blocking the migration of T\(_\text{reg}\) has been shown to have both the potential to unleash naturally-occurring antitumor immunity and to synergize with a variety of both conventional and immune-based therapies, such as radiation, chemotherapy, checkpoint inhibitors and adoptive T cell therapy. T\(_\text{reg}\) recruitment into tumors is dependent on CCR4, whose ligands are produced by tumor cells themselves or by tumor-associated macrophages. CCR4 is highly expressed on T\(_\text{reg}\) and not highly expressed or used by effector or cytotoxic T cells, suggesting that targeting CCR4 may selectively block T\(_\text{reg}\) migration into tumors. We believe that a therapeutic drug that specifically inhibits T\(_\text{reg}\) migration into tumors has the potential to specifically enhance immuno-oncology efficacy without the serious risks associated with current CCR4 approaches that systemically deplete T cells and broadly suppress the immune system.

**CCR4: Modulating Overactive Immune Activity in Inflammation**

In allergic inflammatory diseases, such as AD and asthma, CCR4 chemokines recruit Th2 cells to inflamed tissues. Once these cells enter certain tissues, such as the skin or the airways in the lung, they secrete products known to drive the inflammatory response. In allergic asthma, Th2 cells have been demonstrated to play a pivotal role in airway inflammatory response and airway remodeling. CCR4 is essential in recruiting Th2 cells to asthmatic airways. Similarly, murine models and ex vivo studies strongly suggest that CCR4 plays a critical role in allergic inflammation in AD. Blocking the migration of Th2 cells has been shown to reduce allergic inflammation in the skin and the lung. We believe that CCR4 antagonists have the potential to suppress allergic inflammation in patients in a clinically meaningful manner.

**Our Lead Oncology Drug Candidate—FLX475**

Our lead oncology drug candidate, FLX475, selectively inhibits the migration of immunosuppressive T\(_\text{reg}\) into tumors. In a Phase 1 clinical trial in 104 healthy volunteers, FLX475 was well tolerated and demonstrated favorable drug-like properties and target engagement. FLX475 has also demonstrated robust single agent and combination activity in preclinical tumor models by selectively inhibiting T\(_\text{reg}\) migration into the
We are currently conducting a Phase 1/2 clinical trial investigating FLX475 as a single agent and in combination with pembrolizumab in “charged” tumors where we believe it has the greatest probability of clinical benefit. We anticipate results from the Phase 2 portion of the trial could provide PoC data in the first half of 2020.

We hold worldwide rights to FLX475 and own an issued U.S. composition of matter patent with respect to FLX475 that is scheduled to expire in 2037.

**CCR4 in Charged Tumors**

Our proprietary drug discovery and development engine has identified certain tumors where we believe FLX475 has the greatest probability of demonstrating clinical benefit. We refer to these tumors as “charged” as defined by (i) their expression of high levels of CCR4 ligands, (ii) their enrichment for T_{reg} and (iii) their enrichment for CD8^+ effector cells. Tumors with high levels of these three parameters imply they have the necessary components to generate a potent immune response; however, the presence of T_{reg} dampens this response. As shown in the diagram below, we have identified numerous tumors as being charged, including NSCLC, TNBC, HNSCC, NPC, gastric cancer, EBV^+ HLs and NHLs and cervical cancer. The data presented in the diagram below was derived from an in-house analysis of The Cancer Genome Atlas Database and additional published sources and confirmed by us through in situ hybridization of over 400 tumor microarray samples.

The graph above reflects a logarithmic scale on each axis.

Additionally, we have discovered that the presence of oncogenic viruses, such as EBV, (as shown in the diagram below) and HPV, is associated with tumors that are highly “charged” and can be prospectively selected. In preclinical studies, we have demonstrated an association between EBV and CCR4 ligand expression, which is believed to be causal to T_{reg} migration. These studies are further validated by scientific publications linking EBV to T_{reg} tumor infiltration in HL, gastric cancer and NPC.
Significant progress in cancer treatment has been made recently with the development of highly targeted and immuno-oncology-based therapies. Remarkable clinical response rates have been observed with targeted therapies in selective patient populations, while in a subset of a broad range of tumors, immuno-oncology products have demonstrated durable responses and possible cures. Although true breakthroughs have been achieved, often only a very narrow segment of the patient population can be treated or are responsive to these novel therapies. Hence, there remains a significant unmet medical need for a majority of tumor types including “charged” tumors in which we intend to develop FLX475 either as single agent or in combination with immune checkpoint inhibitors such as pembrolizumab or other agents.
Non-Small Cell Lung Cancer

NSCLC is the most common type of lung cancer, representing 84% of all lung cancer cases in the United States. Squamous cell carcinoma (“NSCLC Sq.”), adenocarcinoma (“NSCLC Ad.”), and large cell carcinoma are all subtypes of NSCLC. Lung cancer is the leading cause of cancer death for both men and women. In 2019, an estimated 142,670 people in the United States will die from lung cancer. There are approximately 228,000 diagnoses of lung cancer annually in the United States. Despite the availability of numerous available therapies, the prognosis remains poor, with an overall five-year survival rate for all patients diagnosed with NSCLC as low as 19.4%.

Standard therapies include surgery, chemotherapy and radiation therapy. Up to a third of NSCLC patients have tumors with mutations in genes (such as epidermal growth factor receptor and anaplastic lymphoma kinase) for which molecularly-targeted therapies have been approved (such as erlotinib, gefitinib or crizotinib). However, these treatments usually do not result in long-term remissions, and the tumors generally return and become resistant to therapy.

Immunotherapies that target PD-1 or the PD-1 ligand (“PD-L1”) (e.g. pembrolizumab, nivolumab and atezolizumab) have recently been approved for the treatment of patients with advanced or metastatic NSCLC either alone (for previously untreated or treated patients), or in combination with chemotherapy (for previously untreated patients). While treatment with these immunotherapy agents in NSCLC has resulted in promising activity ranging from approximately 15-30% overall response rates in previously treated patients to approximately 40-60% response rates in combination with chemotherapy in previously untreated patients. However, approximately 50-80% of patients do not respond to these therapies, indicating significant unmet medical need remains.

Triple-Negative Breast Cancer

Breast cancer is the most common type of invasive cancer among women and the second leading cause of cancer death. The Centers for Disease Control and Prevention (“CDC”) estimates that there are approximately one million women in the United States living with breast cancer that has been diagnosed within the past five

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“Charged” Tumor Prevalence

* Based on 2012 Globocan registries 5-year prevalence (2008-2012 estimates)
** Data from in-house analysis
*** World-wide prevalence
**** Based on 2018 Globocan registries 5-year prevalence (2013-2018 estimates)
years. In 2019 there will be an estimated 271,270 new diagnoses and 42,260 breast cancer deaths in the United States each year and 12.4% of women will develop breast cancer in their lifetime. Effective therapies have been developed that target tumors containing at least one of three protein receptors: estrogen receptor, progesterone receptor and human epidermal growth factor receptor 2 (“HER2”).

Approximately 15% to 20% of breast cancers, however, do not express any of these three receptors and are referred to as triple-negative breast cancer (“TNBC”). These tumors have a more aggressive phenotype and a poorer prognosis due to the high propensity for metastatic progression and absence of specific targeted treatments. Prior to the recent anti-PD-L1 approval, the only approved targeted therapy for TNBC was olaparib (marketed as Lynparza) for the small minority of patients with mutations in the BRCA1 or BRCA2 genes. The five-year survival rate for TNBC has been reported to be 62.1%.

However, there is also potential for immuno-oncology agents in TNBC based on its high tumor mutation burden and the finding of elevated levels of PD-L1 in up to 26% of primary TNBCs. Treatment of previously untreated metastatic TNBC patients can result in approximately 20-25% response to PD-(L)1 checkpoint inhibitors. The anti-PD-L1 antibody atezolizumab (marketed as Tecentriq) was recently granted accelerated approval in combination with chemotherapy for the initial treatment of women with advanced TNBC expressing PD-L1. However, in previously treated TNBC, response rates to anti-PD-L1 agents alone have generally been less than 10%, representing substantial need for novel and improved therapies for advanced or metastatic TNBC.

Head and Neck Squamous Cell Carcinoma

HNSCC represent a broad category of cancers that arise from different tissues that have been grouped anatomically in the head and neck region. HNSCC accounts for about 4% of all cancers in the United States with an estimated 53,000 new cases and 10,860 deaths in 2019. The five-year survival rate for people with head and neck cancer varies and depends on several factors making an overall five-year survival rate difficult to track accurately. Most cases of HNSCC are considered to be related to use of tobacco, alcohol, or to the exposure to HPV.

Treatment for HNSCC can include surgery, radiation therapy, chemotherapy, targeted therapy or a combination of treatments. These tumors are believed to express a fair number of tumor-specific antigens, making them attractive targets for immunotherapies. Nivolumab and pembrolizumab have been approved for recurrent and metastatic HNSCC based on their ability to shrink tumors and increase median survival. However, treatment with either agent led to partial or complete tumor shrinkage in approximately 15% of treated HNSCC patients, indicating that over 80% of patients do not respond to therapy and that a significant unmet clinical need remains.

Nasopharyngeal Cancer

NPC is a cancer that forms in the tissues of the nasopharynx which is the upper part of the throat behind the nose. It is estimated that approximately 129,000 NPC patients worldwide were diagnosed and 72,900 NPC patients died in 2018. Approximately 39% of patients are diagnosed with late stage NPC, in which the five-year survival rate is 38%. While there is no known cause of NPC, EBV is associated with a vast majority of cases.

Standard treatment for NPC involves radiation therapy, chemotherapy and surgery. There is some evidence that NPC can be treated with immuno-oncology agents. A Phase 1b trial in patients with recurrent or metastatic NPC found an objective response rate of 26% with a PD-1 inhibitor pembrolizumab. While promising, novel therapies for NPC are still needed to improve overall responses and prolong survival.

Hodgkin Lymphoma

Hodgkin lymphoma, formerly called Hodgkin’s disease, is a cancer of the lymphatic system that arises in immune cells called B cells. HL accounts for approximately 10% of all lymphomas and approximately 0.6%
Approximately 8,100 people in the United States are estimated to be diagnosed with HL in 2019, with an estimated 1,000 deaths. EBV has been associated with approximately 30% to 50% of HL.

While approximately 75% of patients can be cured with standard therapies including combination chemotherapy, radiation therapy, high-dose chemotherapy and stem cell transplantation, novel therapies are being developed to further improve clinical outcomes. The CD30-directed antibody-drug conjugate brentuximab vedotin (marketed as Adcetris) has been approved for certain adult patients with classical HL (“cHL”). Nivolumab and pembrolizumab are immunotherapies that have been granted accelerated approval for the treatment of patients with cHL that has recurred or progressed after multiple previous treatments, including autologous transplantation and post-transplant treatment with brentuximab vedotin. For both pembrolizumab and nivolumab, the overall response rate in these relapsed and refractory cHL was approximately 69%. However, the average duration of response to these anti-PD-1 therapies is less than a year, signifying the need for continued advances.

Non-Hodgkin Lymphoma

NHL, another cancer of the lymphatic system, is not a single disease but rather a group of cancers affecting cells of the immune system. Although the various types of NHL have common elements, they differ in other areas, including their appearance under the microscope, their molecular features, their growth patterns, their impact on the body, and treatment. According to the National Cancer Institute, in the United States approximately 74,200 patients were diagnosed with NHL in 2018 and 19,910 patients died as a result of NHL in 2018. The five-year survival rate is 71.4%. While there is no direct cause of NHL, it is generally linked to a weakened immune system and begins when the body produces too many abnormal lymphocytes.

There is a wide range of therapies available for the treatment of NHL depending on the subtype of the disease, its aggressiveness and the patient’s overall health. These include chemotherapy; radiation therapy; immunotherapy such as monoclonal antibodies; checkpoint inhibitors and chimeric antigen receptor T cells (“CAR-T cells”); targeted therapies; and stem cell transplantation. Depending upon the analysis and subtype, EBV has been associated anywhere from less than 10% to greater than 90%, or approximately 12% of NHL, on average.

Cervical Cancer

Cervical cancer begins with abnormal changes in the cervical tissue. In the United States, 13,170 patients are estimated to be diagnosed with cervical cancer in 2019 with cervical cancer leading to 4,250 deaths. The five-year survival rate is 65.8%. It is almost always associated with the presence of HPV.

Advanced cervical cancer is treated by chemotherapy or radiation therapy. Pembrolizumab has been approved in those patients that express PD-L1 based on a Phase 2 trial in which the response rate was 14.3%. While the approval of pembrolizumab has been an advance in the treatment of cervical cancer, over 80% of patients do not respond to this therapy, indicating significant room for improvement.

Our Oncology Solution: FLX475

FLX475 is an oral small molecule that selectively inhibits the migration of immunosuppressive Treg into “charged” tumors, in which we believe there remains significant unmet medical need. In preclinical studies, our drug candidate has been shown to selectively restore the immune response within the TME without systemically depleting T cells, as observed with other Treg-targeting approaches, including depleting antibodies that bind CCR4. These antibody therapies are limited by serious safety issues resulting from systemic Treg depletion and potentially reduced efficacy due to the depletion of CCR4+ effector immune cells. We believe FLX475 has attractive characteristics for use as a single agent and in combination regimens with a variety of both conventional and immune-based therapies given its favorable safety profile and the synergistic nature of its mechanism of action.
The table below outlines the key distinctions between FLX475 and Treg-depleting antibody agents based on our preclinical studies:

<table>
<thead>
<tr>
<th>FLX475: a tumor-specific Treg-targeting small molecule</th>
<th>Treg-depleting antibody agents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mechanism of Action</strong></td>
<td></td>
</tr>
<tr>
<td>Selectively blocks the accumulation of Treg in the tumor but not healthy tissues; no depletion of Treg</td>
<td>Depletes Treg throughout the body, not specific for tumor Treg</td>
</tr>
<tr>
<td><strong>Potential Safety Implications</strong></td>
<td></td>
</tr>
<tr>
<td>No autoimmunity</td>
<td>Potential for significant autoimmunity</td>
</tr>
<tr>
<td><strong>Potential Efficacy Implications</strong></td>
<td></td>
</tr>
<tr>
<td>No depletion of effector cells, which enhance antitumor activity</td>
<td>Can deplete effector cells, which could interfere with antitumor activity</td>
</tr>
</tbody>
</table>

In a Phase 1 clinical trial in 104 healthy volunteers, FLX475 was well tolerated and demonstrated dose-dependent inhibition of CCR4 with no observed immune-related adverse events or significant clinical adverse events. We are currently conducting a Phase 1/2 clinical trial investigating FLX475 as a single agent and in combination with pembrolizumab in patients with tumors that are likely to be “charged” where we believe FLX475 has the greatest probability of clinical benefit. We anticipate PoC data from the Phase 2 portion of the trial in the first half of 2020.

**FLX475 Preclinical Data**

We evaluated the mechanism of action as well as the antitumor activity of FLX475 (or a preclinical tool CCR4 antagonist) in two kinds of preclinical mouse tumor models representing the human equivalent of (i) a “charged” tumor and (ii) tumors that accumulated Treg in the TME following checkpoint inhibitor treatment.

**FLX475 Inhibition of Treg in a Mouse Model of a “Charged” Tumor**

Immunosuppressive CCR4+ Treg migrate towards CCL17 and CCL22 which are often found to be elevated in the TME. FLX475 inhibited in a dose-dependent manner CCL22- and CCL17-induced migration of Treg in cellular in vitro migration assays. Dosing of FLX475 prevented migration of Treg into established tumors expressing high levels of CCR4 ligand at baseline (“charged” tumor), as represented by a Pan02 mouse tumor model. In this model, mice with established tumors were dosed with FLX475, then injected with labeled Treg. The migration of these modified Treg into tumors could then be easily followed and quantified. In two independent experiments with seven mice per experimental arm, FLX475 inhibited this migration in a statistically significant and dose-dependent manner. Blocking the migration of Treg into tumors also enhanced the activation and increased the number of CD8+ effector cells in a dose-dependent manner. The highest level of inhibition of Treg migration and increase in CD8+ effector cells was observed in our preclinical studies at 10 mg/kg given once daily, which achieves concentrations that inhibit 90% of in vitro Treg migration (“IC90”) throughout the dosing period.
Blocking CCR4 with FLX475 Inhibits T&reg; Migration into the Tumor

The antitumor activity of a CCR4 antagonist closely related to FLX475 was assessed in the Pan02 mouse tumor model, which represents a “charged” tumor. In three independent experiments with ten mice per experimental arm, oral administration of the CCR4 antagonist demonstrated single agent reduction in tumor growth which was statistically significantly different from mice who received vehicle control. The observed antitumor activity was comparable to an immune checkpoint inhibitor. Importantly, the combination of our CCR4 antagonist with the checkpoint inhibitor resulted in enhanced antitumor activity. Analysis of the TME of seven to eight mice per experimental arm treated with our CCR4 antagonist showed a statistically significant increase in the CD8 : T&reg; ratio compared to vehicle control and similar activity compared to the checkpoint inhibitor. Consistent with the antitumor activity, combination of our CCR4 antagonist with the immune checkpoint inhibitor further increased this ratio. The increase of this ratio demonstrates a shift from an immune-suppressive to an immune-stimulatory environment. The CD8 : T&reg; ratio is a well-established biomarker in human clinical trials and has been demonstrated to correlate with clinical outcome.

CCR4 Antagonist Single Agent Activity in a Mouse Model of a “Charged” Tumor

Clinical studies have demonstrated the accumulation of T&reg; in the TME following treatment with conventional therapies such as chemotherapy and radiation, as well as immune-based therapies such as CAR-T
cell and checkpoint inhibitor therapies. To mimic this in a preclinical tumor model, we evaluated FLX475 in a mouse tumor model that does not express high levels of CCR4 ligands, exemplified by the CT26 mouse tumor model. We observed in four independent experiments with five mice per experimental arm that the treatment with checkpoint inhibitors led to a statistically significant increase in the expression of CCR4 ligands. In two independent experiments with eight mice per treatment cohort we observed an increase in the number of T<sub>reg</sub> that infiltrate the tumor, recapitulating the clinical observations mentioned above. We believe that the increase in the infiltration of T<sub>reg</sub> upon treatment with the checkpoint inhibitor is representative of one mechanism of resistance seen in patients treated with these inhibitors. Importantly, in these two independent experiments with eight mice per experimental arm we observed that the addition of FLX475 to the checkpoint inhibitor reduced the number of T<sub>reg</sub> migrating into the TME in a statistically significant manner.

**FLX475 Inhibition of T<sub>reg</sub> Migration Following Checkpoint Inhibitor Treatment in a Mouse Model of a Non-“Charged” Tumor**

The antitumor activity of a CCR4 antagonist closely related to FLX475 in combination with an immune checkpoint inhibitor was evaluated in the CT26 mouse tumor model in five independent experiments with ten mice per experimental cohort. Single agent activity of an immune checkpoint inhibitor resulted in modest antitumor activity and almost no cures. However, the combination of a CCR4 antagonist and an immune checkpoint inhibitor resulted in robust, statistically significant synergistic antitumor activity with 50% of all mice cured. Mice treated with the combination approach were completely resistant to rechallenge with the same tumor, confirming that the antitumor effect observed during the treatment phase was immune-mediated and associated with long-term immune memory. The combination of inhibition of T<sub>reg</sub> by a CCR4 antagonist with an immune checkpoint inhibitor in three independent experiments with eight mice per experimental cohort demonstrated an increase in the ratio of CD8<sup>+</sup> effector T cells to T<sub>reg</sub>. Previous studies have shown that this ratio is an indicator of prognosis in many cancers. Patients with low effector T cell to T<sub>reg</sub> ratios have worse prognoses in cancers that include ovarian cancer, pancreatic cancer, lung cancer, glioblastoma, NHL and melanoma. We believe that the ability of a CCR4 antagonist to increase this ratio and provide therapeutic benefit will not be limited to a few select cancers, but may have broad implications across many tumor types. The ability of a CCR4 antagonist to prevent T<sub>reg</sub> migration suggests that combining FLX475 with a checkpoint inhibitor may provide highly effective antitumor activity by potentially deepening or broadening responses compared to checkpoint inhibitor alone.
**Antitumor Activity of Our CCR4 Antagonist and Checkpoint Inhibitor in Combination in a Mouse Tumor Model**

**Our CCR4 Antagonist Selectively Inhibits Treg Migration into Tumors but not Healthy Tissues**

The impact of CCR4 inhibition by a CCR4 antagonist was compared to a depleting CCR4 antibody on Treg migration into the tumor and healthy tissue in a mouse tumor model, which included two independent experiments with seven mice per experimental arm. Mice with established tumors were dosed with either our CCR4 antagonist or a depleting CCR4 antibody, then injected with fluorescently labeled Treg to assess the level of Treg migration into the tumor and healthy tissues. Both our CCR4 antagonist and the antibody led to statistically significant reductions in Treg that were able to infiltrate the tumor compared to untreated controls. However, in contrast to the antibody, our CCR4 antagonist did not result in depletion or inhibition of migration of Treg in the blood or skin (demonstrated in two separate experiments). We believe that the tumor-selective activity of our FLX475 will enable reductions in tumor Treg with a decreased likelihood of deleterious adverse events that may result from systemic depletion of all Treg.

**FLX475: Clinical Trials**

**FLX475-01: A Phase 1 Clinical Trial of FLX475 in Healthy Volunteers**

We completed a placebo-controlled, double-blind dose-escalation Phase 1 clinical trial of FLX475 in 104 healthy volunteers. We designed and conducted the healthy volunteer study in order to (i) rapidly generate PK and receptor occupancy data that allow us to identify a therapeutic dose, (ii) corroborate in humans our observed favorable preclinical safety profile and (iii) potentially allow us to accelerate the dose-escalation
portion of our Phase 1/2 oncology study and drive efficiencies in our clinical development going forward. FLX475 was well tolerated and demonstrated dose-dependent inhibition of CCR4 with no observed immune-related adverse events or significant clinical adverse events.

Oral dosing of FLX475 led to linear PK and a clear dose-related inhibition of CCR4 with low subject-to-subject variability. Based on analysis of the multiple dose data, at the 75 mg once-daily dose, 75% receptor occupancy was achieved in six out of six healthy volunteers, which, in our preclinical studies, corresponded with 90% inhibition of in vitro Treg migration and the highest level of inhibition of in vivo Treg migration and antitumor activity.

**FLX475: Favorable Exposure in Healthy Volunteer Study**

FLX475 was well tolerated, with no significant lab abnormalities, serious adverse events or dose-limiting clinical adverse events. There was no evidence of autoimmunity or changes in peripheral blood immune cell populations. Sporadic Grade 1 corrected Q-T interval (“QTc”) prolongation was observed in nearly every cohort (including placebo). No QTc prolongation greater than Grade 1 was observed in 14-day multiple ascending dose cohort doses through 300/100 mg (300 mg Day 1 loading dose followed by 100 mg once daily), including the projected efficacious dose of 75 mg once daily. At the highest dose (300/150 mg) correlating with exposures three to five times that needed to achieve efficacious exposure, two subjects (out of six dosed with FLX475) met QTc stopping criteria (greater than 60 msec prolongation from baseline, one of whom also exhibited a transient Grade 2 QTc prolongation), which were asymptomatic and not associated with arrhythmia or any other adverse event.
FLX475-02: A Phase 1/2 Dose Escalation and Expansion Study of FLX475 Alone and in Combination with Pembrolizumab in Advanced Cancer

We are currently conducting a Phase 1/2 clinical trial of FLX475 as monotherapy and in combination with pembrolizumab in patients with EBV or HPV and other “charged” tumors. We are currently in the Phase 1 arm of this trial in which the PK and safety of FLX475 are being investigated as monotherapy and in combination with pembrolizumab. In the first stage of the Phase 2 arm of this trial, FLX475 cohorts of ten patients grouped by indication will be dosed with FLX475 as monotherapy or in combination with pembrolizumab. Monotherapy patients will either have NPC or lymphoma confirmed to be EBV+, cervical cancer that is HPV+ or HNSCC that is naïve to checkpoint therapy. NSCLC or HNSCC patients who are relapsed or refractory to checkpoint inhibitors or TNBC or HNSCC patients naïve to checkpoint inhibitors will be dosed with FLX475 in combination with pembrolizumab. We anticipate obtaining data on overall response rates in the Phase 2 arm of this trial throughout the first half of 2020. Cohorts in which promising activity is observed will then proceed into Stage 2, enrolling an additional 19 patients.

**FLX475 Phase 1 Dose Escalation**
FLX475 Phase 2 Trial: Rapid Path to PoC in 1H 2020

Gated 2-stage design:

- First stage enrollment (10 patients/cohort) expected by YE 2019
- Second stage: if positive ORR in a cohort, enroll additional 19 patients

Accumulating results from the FLX475-02 Phase 1/2 study will inform available clinical development options that can be leveraged in near real time. For example, if we observe promising clinical data with FLX475 monotherapy in a specific Phase 2 expansion cohort (such as a high overall response rate), we could then initiate planning for a potential pivotal trial. Examples of such a trial include a single-arm study in a patient population with high unmet need (e.g. either a single disease, or “basket” of virally-associated tumors, with no available standard therapy options), and in a randomized trial against standard therapy(ies). Similarly, data from a particular Phase 2 combination cohort could be considered promising enough to plan for a randomized Phase 2 or 3 study comparing FLX475/pembrolizumab combination therapy against pembrolizumab alone. Based on historical examples, it may be possible to modify the current Phase 1/2 trial to seamlessly proceed into one or more pivotal trials, thus saving significant clinical development time to potential regulatory submission and approval.

In addition, biomarker data obtained from the patients in the ongoing Phase 1/2 trial may inform the generation of a companion diagnostic that could potentially be used to prospectively select for patients who may be more likely to respond to FLX475 therapy in a future study, thus increasing the chances of a positive trial result and regulatory approval. Our comprehensive biomarker plan includes analysis of the TME in paired biopsies collected before and on treatment. Key biomarkers include (i) CD8 : Treg ratio as detected by immunohistochemistry, (ii) expression of CCL17 and CCL22 as detected by in situ hybridization (iii) receptor occupancy, (iv) peripheral blood analysis for CCL17 and CCL22 and (v) exploratory analysis, including immune phenotyping, transcriptomics and T cell clonality. An example of the multiplexed immunohistochemistry analysis of the TME derived from a commercially-available tumor sample is shown in the figure below.
Our Lead Inflammation Drug Candidate—RPT193

Our lead inflammation drug candidate, RPT193, selectively inhibits the migration of Th2 cells into allergically-inflamed tissues. Th2 cells are clinically validated drivers of allergic diseases such as AD, asthma, chronic urticaria, allergic conjunctivitis, chronic rhinosinusitis and eosinophilic esophagitis. The current standard of care for AD, the first indication for which we are pursuing clinical development, includes topical creams and steroids as well as the injectable biologic, dupilumab. Dupilumab was approved for moderate to severe AD in 2017 as well as in moderate to severe asthma in late 2018, achieving $922 million of worldwide net sales in 2018. Despite recent progress in the treatment of inflammatory diseases, including AD, we believe there remains a significant unmet need for a safe, oral treatment with an attractive efficacy profile.

Our preclinical pharmacology and toxicology results for RPT193 showed activity in clinically validated pathways in allergic inflammatory disease models to a degree we believe, if confirmed in clinical trials, would be competitive with currently marketed injectable biologics and show a safety profile that suggests chronic dosing in humans should be well tolerated. We believe the preclinical toxicology and activity results for RPT193, combined with the convenience of once-daily oral dosing, suggest a profile competitive with standard of care and emerging clinical-stage drug candidates. We intend to initiate a seamless Phase 1 trial of RPT193 comprised of Phase 1a single- and multiple-dose escalation cohorts in healthy volunteers in the second half of 2019, followed by placebo-controlled Phase 1b testing in patients with moderate to severe AD. We submitted a CTA in Europe in June 2019 and plan to submit an IND in the United States in the third quarter of 2019 for this Phase 1 trial. We anticipate PoC clinical results from the Phase 1b portion of this trial in AD patients by mid-2020. Thereafter, we intend to expand clinical development into additional Th2-driven allergic diseases.

RPT193 is chemically distinct from FLX475, our CCR4 antagonist for oncology, and has demonstrated a unique pharmaceutical profile in preclinical experiments, that we believe will be favorable for use in non-oncology indications. Our data have shown that RPT193 has a lower PK parameter known as the volume of distribution relative to that of FLX475. Compounds with a lower volume of distribution, such as RPT193, are more likely to spare key organ systems from extensive drug exposure. Limited tissue exposure has the potential to contribute to a safety advantage for RPT193. Consistent with this, RPT193 has demonstrated a preclinical safety profile that suggests it would be well tolerated for chronic dosing in non-oncology indications.

We hold worldwide rights to RPT193 and have submitted patent applications with respect to RPT193 that, if issued, would be scheduled to expire in 2039.
Th2 cells express high levels of CCR4 and are clinically validated drivers of allergic diseases along the atopic march, which includes AD, asthma, chronic urticaria, allergic conjunctivitis, rhinosinusitis and eosinophilic esophagitis. When a pathogen comes into contact with the skin or mucosal lining of the nose or lungs, an immune response is triggered. It is believed that innate immune cells and antibodies that recognize the pathogen initiate a release of inflammatory cytokines, leading to the recruitment of other immune system components, including Th2 cells. Th2 cells secrete inflammatory cytokines, such as interleukin 4 ("IL-4"), interleukin 5 ("IL-5") and interleukin 13 ("IL-13"). While this Th2 response may be highly effective against foreign pathogens, particularly parasites, sometimes the body overreacts to benign substances in this way, resulting in a significant and presumably unnecessary influx of Th2 cells, leading to conditions along the atopic march.

At a cellular and molecular level, the Th2 response is initiated and sustained when Th2 cells are recruited to the site of inflammation by the binding of CCL17 and CCL22 to CCR4. Patients suffering from AD and other allergic diseases have significantly elevated levels of both CCL17 and CCL22, suggesting that inhibiting the ability of these chemokines to bind to CCR4 may prevent migration of Th2 cells into these inflamed sites, thus reducing inflammation.
CCL17 and CCL22 levels have been found to strongly correlate with the severity of many allergic diseases, including AD. Dupilumab works by blocking the receptor for IL-4 and IL-13, two of the cytokines produced by Th2 cells, leading to a reduction in the level of inflammation. Dupilumab also indirectly leads to reductions in the level of CCL17, thus breaking the Th2-driven inflammatory cycle. We believe that inhibition of the CCR4 receptor will block the migration of Th2 cells into these inflammatory sites, leading to reductions in inflammation thereby blocking the secretion of IL-4, IL-5 and IL-13 before they can induce tissue damage.

CCL17 Is a Good Marker for Response to AD Therapy (Dupilumab)

Guttmann-Yassky et al. Journal of Allergy and Clinical Immunology, 2019, supplementary figures

EASI = Eczema Area and Severity Index
qw = Weekly dosing
AD is a chronic, inflammatory skin disease characterized by skin barrier disruption and immune dysregulation. Patients with AD have chronically inflamed skin lesions that cause, among other disabilities, debilitating pruritus (itch), which can severely impair quality of life. Onset of AD often occurs during childhood and can persist into adulthood. The estimated U.S. adult prevalence of AD is approximately 19 million individuals, of which approximately 50% are diagnosed. An estimated 60% of these adults have disease characterized as moderate to severe. Furthermore, an estimated 9 million children have AD, of which approximately 30% experience moderate to severe disease.

Atopic Dermatitis (AD) U.S. Prevalence*

*2018 Data, Decision Resources

**AD Historical Standard of Care**

Creams, ointments and topical steroids, or other topical or systemic anti-inflammatory agents, are routinely used to manage skin health and reduce skin inflammation in patients with mild to moderate AD. Patients who do not achieve sustained alleviation of symptoms with topical treatments have historically been prescribed systemic steroids or other systemic immunosuppressive agents such as cyclosporine. While these are effective as temporary treatments of flare-ups, extended use has been associated with many potential side effects or adverse events. Systemic steroids, such as prednisone, can lead to temporary symptom relief but their use is not recommended to induce stable remission due to numerous side effects and the propensity of severe disease flares upon treatment cessation. Cyclosporine is also not suitable for long-term use as it has been associated with renal toxicity, hirsutism, nausea and lymphoma, and patients must discontinue use after one to two years.

We believe that topical immunosuppressive agents inadequately address the systemic nature of AD. Furthermore, safety issues associated with systemic immunosuppressants such as steroids and cyclosporine make them inappropriate for chronic administration. The treatment paradigm in AD is evolving given these inadequacies of the historical standard of care agents.

**AD Emerging Standard of Care**

There are two key recent developments within the AD treatment landscape that will shape the standard of care in the future: (i) the approval of the biologic agent dupilumab for moderate to severe AD in 2017 and...
Dupilumab is a recently approved biologic for AD targeting the Th2 pathway. Dupilumab prevents T cell activation and amplification of proinflammatory signaling pathways by blocking the IL-4 receptor alpha, (“IL-4Rα”), preventing IL-4 and IL-13 binding. Approximately 36% of patients receiving weekly or biweekly injections of dupilumab achieved significant improvement in disease symptoms. Dupilumab was approved for moderate to severe AD in the United States in March 2017 and in Europe in September 2017. Net sales of dupilumab were $257 million in 2017 and $922 million in 2018, highlighting the growing demand for safe and effective systemic treatments of AD.

Among the orally administered JAK inhibitors in development for AD, there are three in Phase 3 development: upadacitinib, baricitinib and abrocitinib. JAK inhibitors block the signaling pathway to multiple proinflammatory cytokines, including IL-4 and IL-13, thereby preventing the downstream signaling of Th2 cells at the sites of inflammation. While JAK inhibitors have demonstrated comparable clinical efficacy to that of dupilumab and offer the advantage of oral dosing, these inhibitors are broadly immunosuppressive and therefore may not be suitable for long-term dosing. Additionally, the FDA has placed black box warnings for JAK inhibitors approved in other indications due to the potential for serious infections, malignancies and thromboembolic events.

Despite these recent developments, we believe that there is significant unmet medical need and market potential for a safe and efficacious agent for the treatment of AD. We believe that preventing the migration of Th2 cells into inflamed tissues with an oral CCR4 antagonist represents a highly differentiated approach. We further believe that an oral agent with a favorable safety and efficacy profile would offer an attractive alternative for patients compared to the biweekly injections associated with dupilumab. While the JAK inhibitor agents are orally administered, they are broadly immunosuppressive and therefore may not be suitable for long-term dosing.

**Overview of Other Diseases Along the Atopic March**

In addition to AD, a number of allergic diseases are characterized by an inflammatory response to cytokines produced by Th2 cells. These diseases include allergic asthma, chronic urticaria, chronic rhinosinusitis, allergic conjunctivitis and eosinophilic esophagitis.

**Asthma**

Asthma is a chronic inflammatory disease of the airways characterized by intermittent airway obstruction, swelling and mucus hyperproduction, which can result in coughing, wheezing and difficulty breathing. Allergic asthma is triggered by the inhalation of allergens including dust, pollen and dander. An estimated 25.2 million individuals in the United States have asthma, with allergic asthma as the most common subtype, constituting approximately 80% of asthmatic children and approximately 60% of asthmatic adults. Asthma is driven by both Th2 allergic and Th17 autoimmune mechanisms. An estimated 40% to 50% of patients with asthma fall within the Th2-high subtype characterized by elevated levels of IL-13 and IL-5.

Standard treatment of asthma includes inhaled rapid-acting beta2-agonists for the treatment of acute symptoms and daily low-dose inhaled corticosteroid (“ICS”) monotherapy as a first-line maintenance treatment. Anti-immunoglobulin E (“Anti-IgE”) monoclonal antibody omalizumab and IL-4Rα antagonist dupilumab can be prescribed for individuals with asthma who are uncontrolled on ICS therapy. While these therapies are generally effective, they are administered via injection and their targets are downstream of CCR4, presenting a market opportunity for an oral, upstream alternative.

**Chronic Urticaria**

Chronic urticarias (“CUs”) are a group of skin conditions including chronic spontaneous urticaria (“CSU”), cholinergic urticaria (“CLU”) and symptomatic dermographism that are characterized by hives,
redness, itching and swelling, lasting for greater than six weeks. The trigger for CSU is unknown; however, CLU is triggered by increases in body temperature and symptomatic dermographism by physical contact with the skin by exogenous mechanical stimuli. Symptoms result from the degranulation of dermal mast cells, and IgE signaling likely contributes to inappropriate mast cell activation. Urticaria affects 15-20% of the population at some point during their lifetime, with approximately 30% of urticaria patients experiencing recurring episodes.

Current treatment guidelines for CU recommend the use of oral H1-antihistamines as a first-line therapy, with dose escalation of up to four times the standard dose in lower responders. Up to 50% of patients with CSU do not respond to H1-antihistamines and can be prescribed omalizumab, an injected monoclonal antibody, which maintains an approximately 65% response rate as a second-line treatment. Given these response rates from approved biologic drugs, there remains an unmet need for a safe, efficacious therapy with a favorable oral dosing profile. CCL17 and CCL22 are elevated in chronic urticaria, supporting the potential use of RPT193 in this indication.

**Chronic Rhinosinusitis**

Chronic rhinosinusitis (“CRS”) is a disease characterized by sinonasal mucosal inflammation, which results in facial pain/pressure, nasal drainage, nasal obstruction and reduction or loss of smell, for at least 8-12 consecutive weeks. Confirmation of the disease is required using an objective measure such as a nasal endoscopy or CT scan, given lack of symptom specificity. It is believed that approximately 5-15% of the general population experiences CRS, however, the prevalence of doctor-diagnosed CRS was found to be 2-4%. There is wide belief that CRS is a heterogeneous condition and that the causes of inflammation are diverse and multifactorial, involving overlap between both host and environmental triggers.

Standard treatment of CRS utilizes topical and oral steroids, antibiotics and ultimately surgical intervention if symptoms are not adequately controlled by available therapies. IgE antibodies may play a role in CRS, with total IgE levels correlating with disease severity, as assessed by CT scan. As a result, anti-IgE antibody omalizumab and anti-IL-5 antibodies reslizumab and mepolizumab have been evaluated as treatment alternatives for CRS, with reslizumab and mepolizumab now considered a recommended treatment for CRS patients with nasal polyps. Dupilumab has also demonstrated activity in CRS in Phase 3 trials. Compared to these widely used injectable biologics, we believe that an orally dosed therapy with comparable safety and efficacy results would have a competitive profile. Given the activity of the Th2-targeted biologics, we believe that RPT193 represents a potential oral treatment for this indication.

**Allergic Conjunctivitis**

Allergic conjunctivitis is an ocular disease in which the conjunctiva—the transparent tissue lining the eyelid and covering the white part of the eye—is inflamed as a result of exposure to allergens. Simple allergic conjunctivitis, vernal keratoconjunctivitis, atopic keratoconjunctivitis and giant papillary conjunctivitis are the four main types of allergic conjunctivitis. These different manifestations of conjunctivitis differ in their affected population and etiology. The majority of conjunctivitis patients have simple allergic conjunctivitis and this predominantly affects patients who are younger than 20 years old. Diagnosis is difficult to estimate given that patients often fail to report symptoms and do not seek medical attention, but it is estimated that between 10-30% of the general population suffers from this inflammation of the eye. In fact, more than 60% of individuals suffering from allergies are believed to have allergic conjunctivitis.

The current treatment paradigm for severe forms of simple allergic conjunctivitis has a combination of antihistamine and mast cell-stabilizing drops as the first-line of treatment. The second-line treatment is providing patients with topical nonsteroidal anti-inflammatory drops. Refractory patients are given corticosteroid drops for no more than two weeks, and clinicians may also opt to give patients systemic antihistamines. We believe there is an unmet need in the tolerability and safety profiles of patients with severe refractory cases of simple allergic conjunctivitis given the adverse events resulting from the long-term use of corticosteroids and antihistamines. CCL17 and CCL22 are elevated in allergic conjunctivitis, supporting the potential use of RPT193 in this indication.
Eosinophilic Esophagitis

Eosinophilic esophagitis is a chronic, allergic inflammatory disease of the esophagus. It is estimated that eosinophilic esophagitis affects at least 150,000 people in the United States. Studies from Western Europe, Australia and North America estimate prevalence to be 50-100 cases per 100,000 persons. Eosinophilic esophagitis is caused by the presence of a large number of eosinophils in the esophagus, which stems from many factors such as immune hypersensitivity, environmental proteins and genetics.

Standard treatment for eosinophilic esophagitis includes diet modification, esophageal dilation and drugs with topical corticosteroids as a first-line medication. It is estimated that there is at least a partial symptomatic response seen in 60% to 75% of adults with eosinophilic esophagitis who take topical steroids. While steroids offer symptomatic relief once treated, patients are required to continue maintenance regimens as disease recurrence is common after discontinuation of treatment. Dupilumab has demonstrated activity in eosinophilic esophagitis in clinical trials, supporting the potential use of RPT193 in this indication.

Our Allergic Disease Solution: RPT193

RPT193 is an oral, small molecule CCR4 antagonist designed to block the migration of inflammatory Th2 cells into allergically-inflamed tissues. While there are existing injectable biologics that are efficacious, as well as emerging oral drug candidates and injectable biologics, we believe there is an unmet need in the treatment landscape for a safe and efficacious oral therapy for the long-term treatment of AD. Our preclinical pharmacology and toxicology results for RPT193 showed activity in clinically validated pathways in allergic inflammatory disease models to a degree we believe, if confirmed in clinical trials, would be competitive with currently marketed injectable biologics and show a safety profile that suggests chronic dosing in humans should be well tolerated. We believe the preclinical toxicology and activity results for RPT193, combined with the convenience of once daily oral dosing, suggest a profile competitive with standard of care and emerging clinical-stage drug candidates.

RPT193 Target Product Profile

<table>
<thead>
<tr>
<th>Safety</th>
<th>RPT193: Preclinical data suggest a favorable safety profile</th>
<th>Biologics: Generally safe and well tolerated, Some safety findings limit dosing in a subset of patients</th>
<th>Oral immune suppressants: Immunosuppressive, Potential black box warning for infections, malignancies and thromboembolic events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Route of Administration</td>
<td>Oral, GD projected</td>
<td>Injectable</td>
<td>Oral</td>
</tr>
<tr>
<td>Efficacy</td>
<td>Preclinical data suggest activity similar to biologics</td>
<td>Durable clinical efficacy, Activity in AD and asthma</td>
<td>Similar to biologics</td>
</tr>
</tbody>
</table>

Favorable Characteristic
Unfavorable Characteristic
RPT193 Preclinical Data

RPT193 has demonstrated activity in multiple preclinical mouse models of AD and asthma. The observed activity in preclinical mouse models was comparable to that of a commercially available anti-mouse IL-13 antibody, which we believe is representative of the class of biologics such as dupilumab, lebrikizumab and others targeting Th2-derived cytokines such as IL-4, IL-5 and IL-13. We believe that the results observed in these models, individually and in the aggregate, demonstrate the clinical potential to treat a number of Th2-driven diseases along the atopic march in humans.

RPT193 Activity in Preclinical Model of AD

In a mouse model of AD, repeated systemic sensitization to ovalbumin (“OVA”) induces a Th2 response leading to increased expression of Th2 cytokines IL-4, IL-5 and IL-13 in the allergen-exposed skin. This leads to broad inflammation, deposition of collagen and skin thickening. Oral treatment of RPT193 in mice that have been sensitized to OVA results in two independent experiments with five mice per experimental arm demonstrated a significant decrease in inflammation, as measured by skin thickness of the allergen-challenged ear. The treatment effect with RPT193 was comparable to the systemic treatment with the corticosteroid dexamethasone (“Dex”) which is used as a positive control in these models.

The figure below shows the experimental outline and results as measured by the change in (“delta”) ear thickness, determined by the difference in ear thickness between the challenged ear and the unchallenged control ear.

RPT193 Reduces Skin Inflammation in an OVA-Induced AD Model

The activity observed with RPT193 was not only seen in the OVA-AD model, but was also seen in an alternative allergen-induced model of AD. In this model, five mice per experimental arm are sensitized using fluorescein isothiocyanate (“FITC”), which induces a strong Th2 cell-mediated response. Sensitized mice are then challenged on the ear with FITC, which leads to inflammation resulting in swelling and is easily measured as ear thickness. In more than six independent experiments, we observed that mice treated with RPT193 one day prior to FITC challenge had a significant reduction in thickness at a level comparable to that induced by an antibody that directly binds and neutralizes IL-13 (“anti-IL-13”).

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The treatment effect with RPT193 was also observed in a therapeutic model of the Th2-driven FITC AD model. In contrast to the model described above, five mice per experimental arm received treatment 24 hours following the allergen challenge when significant ear inflammation was already observed. Oral administration of RPT193 in three independent experiments resulted in a statistically significant reduction in ear thickness compared to treatment control. The treatment effect was comparable to that observed with the anti-IL-13.

RPT193 Reduces Skin Inflammation in a Therapeutic Th2-Driven AD Model

In a mouse model of allergic asthma induced by the allergen OVA, treatment with RPT193 in two independent experiments with ten mice per experimental arm significantly reduced immune cell migration into the lungs and Th2-derived cytokines such as IL-5 and IL-13, which are drivers of the disease as determined by analysis of fluid collected by washing a small portion of the lung. This fluid, called bronchoalveolar lavage fluid ("BALF"), was found to contain dose-dependent decreases in both IL-5 and IL-13. Not unexpectedly, anti-IL-13 had no effect on levels of IL-5 in the BALF. The reduction of the cellular infiltrate and the level of Th2-derived cytokines in the BALF supports the hypothesis that RPT193 was effective in reducing migration of Th2 cells into the lungs as evidenced by lowered overall allergic inflammation.
RPT193 Shows Evidence of Broader Activity than Anti-IL-13

In this OVA model of allergic asthma, treatment with RPT193 in two independent experiments with ten mice per experimental arm also led to statistically significant decreases in the levels of CCL17 and CCL22, chemokines that are secreted by inflamed cells that serve to recruit Th2 cells. This observation suggests that RPT193 is not only able to directly block Th2 cell recruitment, but that by doing so, the level of overall inflammation is decreased, reducing the secretion of these cytokines and the further recruitment of Th2 cells. Reduction of the CCR4 ligands, CCL17 and CCL22, has also been observed in patients treated with other Th2-targeting approaches, such as dupilumab, demonstrating the clinical relevance of our preclinical findings with RPT193.

RPT193 Reduces Levels of CCL17 and CCL22 in the BALF in a Preclinical Model of Allergic Asthma

RPT193 Reduces CCR4 Ligands in the BALF
RPT193 Reduces the Immune Cell Infiltrate in the BALF in a Preclinical Model of Allergic Asthma

Treatment of mice in an allergic asthma model with RPT193 in two independent experiments with ten mice per experimental cohort led to reduction in multiple classes of immune cells in the BALF, including eosinophils, neutrophils and lymphocytes. These reductions are all consistent with the broad anti-inflammatory action that RPT193 can induce by blocking Th2 cell migration. This prevents one of the earliest steps in the inflammatory cascade resulting in profound effects on multiple downstream components of the immune system and inflammatory response. The reduction of eosinophils in the BALF was comparable to the anti-IL-13 antibody. However, deeper reduction in neutrophil and lymphocyte counts were observed with RPT193, suggesting a potentially greater impact on the disease compared to other Th2-targeting approaches.

RPT193 Shows Evidence of Broader Activity than Anti-IL-13: Neutrophil and Lymphocytic Infiltration

In addition, we believe the overall activity of RPT193 in this OVA-induced asthma model if confirmed in clinical trials, would be competitive with antibodies that target either IL-33 or IL-4Rα reported in the literature. We believe that the ability to achieve this level of activity with an orally available therapy, if confirmed in clinical trials, would represent a significant advantage over biologics, which require regular injections.

RPT193: Clinical Plans

We intend to commence a seamless Phase 1 trial of RPT193 comprised of Phase 1a single and multiple dose escalation (“SAD/MAD”) cohorts in healthy volunteers in the second half of 2019, followed by placebo-controlled Phase 1b testing in patients with moderate to severe AD. We submitted a CTA in Europe in June 2019 and plan to submit an IND in the United States in the third quarter of 2019 for this Phase 1 trial. We anticipate PoC clinical results from the Phase 1b portion of this study by mid-2020. Thereafter, we intend to expand clinical development into additional Th2-driven allergic indications.
The following graphic outlines the design for our proposed Phase 1a/1b trial and proposed Phase 2a/2b trials.

**RPT193: Seamless Clinical Trial Design to PoC**

The following graphic outlines the design of our proposed Phase 2b trial in AD to be conducted subsequent to the successful completion of the Phase 1a/1b trial.

**RPT193: Future Phase 2b Double-Blind, Placebo-Controlled Trial for AD**

BSA = Body Surface Area  
IGA = Investigator Global Assessment

**Our RPT-GCN2i Program**

We are developing a small molecule inhibitor of GCN2 as an agent targeting the dysregulated metabolism in the TME that results in immune suppression and consequently in tumor progression. We believe
this target has been validated by our proprietary drug discovery and development engine and that inhibition of GCN2 can lead to direct antitumor effects by addressing altered metabolic pathways in tumors as well as relieving the immunosuppressive effects exerted by the TME through nutrient starvation and other stresses such as hypoxia. Preclinical in vitro and in vivo studies have demonstrated that an RPT-GCN2i has the ability to restore T cell proliferation and function in nutrient-deprived conditions, to overcome MDSC-dependent immune suppression, to decrease tumor growth in vitro and to generate antitumor responses in animal tumor models. We are developing an RPT-GCN2i with the intent of filing an IND with the FDA in 2020.

**Role of GCN2 in Tumor Cell Proliferation and Immunosuppression**

GCN2, or general control nonderepressible 2, is a stress response kinase that regulates the immune system and survival of tumor cells in the TME. Due to the aberrant vasculature of the tumor, the limited blood supply results in a lack of oxygen and deprivation of nutrients, including amino acids. Activation of the GCN2 pathway has been demonstrated in human tumors and importantly, deficiency in GCN2 limits tumor growth in preclinical tumor models. Activation of T cells is highly dependent on the availability of amino acids and other nutrients. GCN2 is a key cellular sensor in T cells for amino acid and glucose starvation. Low levels of amino acids such as tryptophan, arginine and other amino acids lead to activation of GCN2. This triggers a cascade of cell signaling events in T cells leading to the inhibition of effector cell function and growth. GCN2, through this regulatory pathway, prevents effector cells from mounting an immune response when amino acid levels are in limited supply. Inactivation of GCN2 removes this regulatory block and allows effector cell proliferation and activation even under conditions of amino acid starvation similar to what may exist in tumors.

**Our Solution, RPT-GCN2i**

We are developing an RPT-GCN2i with the intent of filing an IND with the FDA in 2020. We believe that the computational analysis of proprietary and public databases will allow us to identify tumor types or a subset of patients with a greater potential to benefit from GCN2 inhibition.
**RPT-GCN2i Preclinical Data**

*An RPT-GCN2i Restores T Cell Proliferation and Function in Amino-Acid-Limited Conditions*

Low levels of tryptophan in the TME can be immunosuppressive by blocking the activation and proliferation of effector cells. In six independent cell culture experiments with various human donors, an RPT-GCN2i statistically significantly restored effector T cell proliferation and function under nutrient starvation conditions in a dose-dependent manner. The ability of an RPT-GCN2i to recover effector cell proliferation was not limited to a single amino acid or nutrient. We have shown that GCN2 inhibition can relieve the immunosuppressive effects of tryptophan (shown below), arginine and glucose deprivation.

*An RPT-GCN2i Restores Human CD8$^+$ T Cell Proliferation and Function Under Conditions of Nutrient Starvation*

![Graph showing proliferation and T cell function](image)

*An RPT-GCN2i Inhibits MDSC Immunosuppressive Function In Vitro*

MDSCs are heterogeneous cells found in multiple cancer types that can cause immunosuppression through multiple pathways including the expression of enzymes, such as indoleamine 2,3-dioxygenase that metabolizes tryptophan. Incubation of activated CD8$^+$ T cells with MDSCs isolated from four healthy volunteers as well as from one cancer patient leads to a statistically significant inhibition of T cell proliferation, an effect that is reversed by an RPT-GCN2i in a dose-dependent manner.
An RPT-GCN2i Reverses Suppressive Function of Healthy Donor and Cancer Patient-Derived MDSCs

An RPT-GCN2i Demonstrates Single Agent Activity in the CT26 Mouse Tumor Model

In a CT26 mouse tumor model, oral administration of an RPT-GCN2i in four independent experiments with ten mice per experimental arm led to a statistically significant reductions in tumor volume when dosed as a single agent. We believe an RPT-GCN2i has the potential to have broad activity in stimulating the immune system in multiple tumor types either as a single agent or in combination with conventional or immune-based therapies.

An RPT-GCN2i Demonstrates Single Agent Activity in a CT26 Mouse Tumor Model

Intellectual Property

We strive to protect the proprietary technology, inventions and improvements that are commercially important to our business, including obtaining, maintaining, enforcing and defending our intellectual property rights, including patent rights, whether developed internally or licensed from third parties. We rely, in part, on trade secrets and know-how relating to our proprietary technology and drug candidates and continuing innovation to develop, strengthen and maintain our proprietary position. We also plan to rely, in part, on data exclusivity, market exclusivity and patent term extensions if and when available. Our commercial success will depend in part
on our ability to obtain and maintain patent and other intellectual property protection for our technology, inventions and improvements; to preserve the confidentiality of our trade secrets; to defend and enforce our proprietary rights, including any patents that we own or may obtain in the future; and to operate without infringing, misappropriating or otherwise violating the valid and enforceable patents and other intellectual property rights of third parties. Intellectual property rights may not address all potential threats to our competitive advantage.

C-C Chemokine Receptor 4 (CCR4) Antagonist Franchise

As of June 30, 2019, our patent portfolio includes five patent families directed to CCR4 inhibiting compounds and their therapeutic uses, one of which is directed to FLX475 and another of which is directed to RPT193, as discussed in more depth below.

**FLX475**

As of June 30, 2019, with respect to FLX475, we own one issued U.S. patent directed to FLX475 and other related compounds, pharmaceutical compositions comprising the same and therapeutic methods of using the same for the treatment of diseases including cancers, one corresponding pending patent application in the U.S. and 15 corresponding pending patent applications in Australia, Brazil, Canada, China, the European Patent Convention, India, Israel, Japan, South Korea, Mexico, New Zealand, Russia, Singapore, South Africa and Taiwan. Our issued U.S. patent, and any patents that may issue from our pending applications worldwide, are scheduled to expire in 2037, excluding any additional term for patent term adjustment(s) or extension(s), and assuming payment of all applicable maintenance or annuity fees. In addition to the composition of matter patent and patent applications described above, as of June 30, 2019, we own one pending U.S. patent application, one pending Patent Cooperation Treaty ("PCT") patent application and one pending Taiwan patent application directed to the use of CCR4 antagonists generally, including FLX475 specifically, in therapeutic methods of treating EBV positive cancers. Any patents that may issue from these pending applications, in the United States and worldwide, are scheduled to expire in 2038, excluding any additional term for patent term adjustment(s) or extension(s), and assuming national phase entries are timely made based upon the pending PCT application and payment of all applicable maintenance or annuity fees. Our pending PCT patent application is not eligible to become an issued patent until, among other things, we file a national stage patent application(s) within 30 months in the countries in which we seek patent protection. If we do not timely file any national stage patent applications, we may lose our priority date with respect to our PCT patent application and any patent protection on the inventions disclosed in such PCT patent application.

**RPT193**

As of June 30, 2019, with respect to RPT193, we own one pending U.S. patent application, one pending PCT patent application and one pending Taiwan patent application directed to RPT193 and other related compounds, pharmaceutical compositions comprising the same and therapeutic methods of using the same for the treatment of diseases such as immune, inflammatory, metabolic diseases or cancers. Any patents that may issue from these pending applications, in the United States and worldwide, are scheduled to expire in 2039, excluding any additional term for patent term adjustment(s) or extension(s), and assuming national phase entries are timely made based upon the pending PCT application and payment of all applicable maintenance or annuity fees. Our pending PCT patent application is not eligible to become an issued patent until, among other things, we file a national stage patent application(s) within 30 months in the countries in which we seek patent protection. If we do not timely file any national stage patent applications, we may lose our priority date with respect to our PCT patent application and any patent protection on the inventions disclosed in such PCT patent application.

**Our RPT-GCN2i Program**

As of June 30, 2019, with respect to RPT-GCN2i product development, we own one pending U.S. provisional patent application, one pending U.S. non-provisional patent application, one pending PCT
application and one pending Taiwan patent application, all directed to certain compounds in development, pharmaceutical compositions of the same 
and therapeutic methods of using the same. Any patents that may issue from these pending patent applications are scheduled to expire in 2039, 
excluding any additional term for patent term adjustment or extension, and assuming national phase entries are timely made based upon the pending 
PCT application and payment of all applicable maintenance or annuity fees. Our pending PCT patent application is not eligible to become an issued 
patent until, among other things, we file a national stage patent application(s) within 30 months in the countries in which we seek patent protection. If 
we do not timely file any national stage patent applications, we may lose our priority date with respect to our PCT patent application and any patent 
protection on the inventions disclosed in such PCT patent application. Our provisional patent application is not eligible to become an issued patent 
until, among other things, we file a non-provisional patent application within 12 months of filing the related provisional patent application. If we do 
not timely file any nonprovisional patent application, we may lose our priority date with respect to our provisional patent application and any patent 
protection on the inventions disclosed in our provisional patent application.

With respect to our drug candidates, we intend to develop and commercialize in the normal course of business, we intend to pursue patent 
protection covering, when possible, compositions, methods of use, dosing and formulations. We may also pursue patent protection with respect to 
manufacturing and drug development processes and technologies. We do not currently own any patents or patent applications relating to our 
proprietary discovery and development engine. Obtaining and maintaining patent protection depends on compliance with various procedural, 
document submission, fee payment, and other requirements imposed by governmental patent agencies. We may not be able to obtain patent 
protections for our compositions, methods of use, dosing and formulations, manufacturing and drug development processes and technologies 
throughout the world. Issued patents can provide protection for varying periods of time, depending upon the date of filing of the patent application, 
the date of patent issuance and the legal term of patents in the countries in which they are obtained. In general, patents issued for applications filed in 
the United States expire 20 years after the earliest effective filing date. In addition, in certain instances, the term of an issued U.S. patent that covers or 
claims an FDA approved product can be extended to recapture a portion of the term effectively lost as a result of the FDA regulatory review period, 
which is called patent term extension. The restoration period cannot be longer than five years and the total patent term, including the restoration 
period, must not exceed 14 years following FDA approval. For more information regarding patent term extensions, please see “Business—U.S. Patent 
Term Restoration and Marketing Exclusivity” below. The term of patents outside of the United States varies in accordance with the laws of the foreign 
jurisdiction, but typically is also 20 years from the earliest effective filing date. However, the actual protection afforded by a patent varies on 
a product-by-product basis, from country-to-country, and depends upon many factors, including the type of patent, the scope of its coverage, the 
availability of regulatory-related extensions, the availability of legal remedies in a particular country and the validity and enforceability of the patent. 
The patent term may be inadequate to protect our competitive position on our products for an adequate amount of time. For more information 
regarding the risks related to our intellectual property, please see “Risk Factors—Risks Related to Our Intellectual Property.”

The patent positions of companies like ours are generally uncertain and involve complex legal and factual questions. No consistent policy 
regarding the scope of claims allowable in patents in the field of biopharmaceuticals has emerged in the United States. The relevant patent laws and 
their interpretation outside of the United States is also uncertain. Changes in either the patent laws or their interpretation in the United States and other 
countries may diminish our ability to protect our technology or drug candidates and could affect the value of such intellectual property. In particular, 
our ability to stop third parties from making, using, selling, offering to sell or importing products that infringe our intellectual property will depend in 
part on our success in obtaining, maintaining, enforcing and defending patent claims that cover our technology, inventions and improvements. We 
cannot guarantee that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications we may 
file in the future, nor can we ensure that any patents that may be granted to us in the future will be commercially useful in protecting our products, the 
methods of use or manufacture of those products. Moreover, any issued patents we obtain do not guarantee us the right to practice our technology in 
relation to the commercialization of our products. Patent and other intellectual
property rights in the pharmaceutical and biotechnology space are evolving and involve many risks and uncertainties. For example, third parties may have blocking patents that could be used to prevent us from commercializing our drug candidates and practicing our proprietary technology, and our patent rights may be challenged, invalidated or circumvented, which could limit our ability to stop competitors from marketing related products or could limit the term of patent protection that otherwise may exist for our drug candidates. In addition, the scope of the rights granted under any issued patent that we own or license, now or in the future, may not provide us with protection or competitive advantages against competitors with similar technology. Furthermore, our competitors may independently develop similar technologies that are outside the scope of the rights granted under any issued patents we obtain. For these reasons, we may face competition with respect to our drug candidates. Moreover, because of the extensive time required for development, testing and regulatory review of a potential product, it is possible that, before any particular drug candidate can be commercialized, any patent protection for such product may expire or remain in force for only a short period following commercialization, thereby reducing the commercial advantage the patent provides.

In addition to patent protection, we rely upon unpatented trade secrets and confidential know-how and continuing technological innovation to develop and maintain our competitive position. However, trade secrets and confidential information are difficult to protect. We seek to protect our proprietary information, in part, using confidentiality agreements with any future collaborators, scientific advisors, employees and consultants, and invention assignment agreement with our employees. We also have agreements requiring assignment of inventions with selected consultants, scientific advisors and collaborators. These agreements may not provide meaningful protection. These agreements may also be breached, and we may not have an adequate remedy for any such breach. In addition, our trade secrets and/or confidential know-how may become known or be independently developed by a third party, or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to copy aspects of our products or drug candidates or obtain or use information that we regard as proprietary. Although we take steps to protect our proprietary information, third parties may independently develop the same or similar proprietary information or may otherwise gain access to our proprietary information. As a result, we may be unable to meaningfully protect our trade secrets and proprietary information. For more information regarding the risks related to our intellectual property, please see “Risk Factors—Risks Related to Our Intellectual Property.”

Clinical Trial Collaboration and Supply Agreement

In November 2018, we entered into a clinical trial collaboration and supply agreement with Merck (known as MSD outside the United States and Canada), through an affiliate, under which we will conduct a clinical trial evaluating FLX475 in combination with KEYTRUDA® (pembrolizumab), Merck’s anti-PD-1 therapy, in patients with advanced cancers. We are the sponsor of the clinical trial, and Merck will supply KEYTRUDA® for use in the clinical trial.

Competition

The biotechnology and pharmaceutical industries, including the oncology and inflammatory disease fields, are characterized by rapidly advancing technologies, strong competition and an emphasis on intellectual property protection. We face substantial competition from many different sources, including large and specialty pharmaceutical and biotechnology companies, academic research institutions, governmental agencies and public and private research institutions. We believe that the key competitive factors affecting the success of any of our drug candidates will include patient selection strategies, efficacy (single and combination strategies), safety profile, method of administration, cost, level of promotional activity and intellectual property protection.

If approved, FLX475 will compete with current therapies approved for the treatment of cancer, particularly immuno-oncology. Potential immuno-oncology therapeutics are being developed or marketed by
many large and specialty pharmaceutical and biotechnology companies such as Merck, Bristol-Myers Squibb, Novartis, AstraZeneca, Pfizer and Roche/Genentech. Additionally, there is one approved CCR4-targeting Treg-depleting antibody, mogamulizumab developed by Kyowa Hakko Kirin, as well as other Treg-targeting agents currently in early development by companies such as ChemoCentryx, Tusk/Roche and Agenus/Gilead.

RPT193 is a CCR4 antagonist intended to treat allergic disease, including AD and other diseases along the atopic march. If approved for AD, we will face branded competition from dupilumab (marketed by Regeneron Pharmaceuticals, Inc. and Sanofi S.A. as Dupixent), a biologic recently approved. In addition, there are several companies developing treatments that may be approved for AD, including large pharmaceutical and biotechnology companies such as Pfizer, Lilly/Incyte, AbbVie, AnaptysBio, Dermira and Amgen/AstraZeneca.

There are several large and specialty pharmaceutical companies, as well as biotechnology companies with marketed or late stage assets targeting the Th2 pathway along the atopic march, which includes Amgen, AstraZeneca, Chiesi Farmaceutici, GSK, Novartis, Roche, Sanofi and Teva Pharmaceuticals.

Many of the companies against which we may compete have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trials sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Government Regulation

The FDA and other regulatory authorities at federal, state, and local levels, as well as in foreign countries, extensively regulate, among other things, the research, development, testing, manufacture, quality control, import, export, safety, effectiveness, labeling, packaging, storage, distribution, record keeping, approval, advertising, promotion, marketing, post-approval monitoring, and post-approval reporting of drug products such as those we are developing. We, along with third-party contractors, will be required to navigate the various preclinical, clinical and commercial approval requirements of the governing regulatory agencies of the countries in which we wish to conduct studies or seek approval or licensure of our drug candidates.

The process required by the FDA before drug candidates may be marketed in the United States generally involves the following:

• completion of preclinical laboratory tests and animal studies performed in accordance with the FDA’s current Good Laboratory Practices (“GLP”), regulation;

• submission to the FDA of an IND, which must become effective before clinical trials may begin and must be updated annually or when significant changes are made;

• approval by an independent Institutional Review Board (“IRB”), or ethics committee at each clinical site before the trial is commenced;

• performance of adequate and well-controlled human clinical trials to establish the safety and efficacy of the proposed drug candidate for its intended purpose;

• preparation of and submission to the FDA of an NDA after completion of all pivotal clinical trials;

• satisfactory completion of an FDA Advisory Committee review, if applicable;

• a determination by the FDA within 60 days of its receipt of an NDA to file the application for review;

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Preclinical and Clinical Development

Prior to beginning the first clinical trial with a drug candidate, we must submit an IND to the FDA. An IND is a request for authorization from the FDA to administer an investigational new drug product to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for clinical trials. The IND also includes results of animal and in vitro studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing, and controls information; and any available human data or literature to support the use of the investigational product. An IND must become effective before human clinical trials may begin. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises safety concerns or questions about the proposed clinical trial. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before the clinical trial can begin. Submission of an IND therefore may or may not result in FDA authorization to begin a clinical trial.

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. A separate submission to the existing IND must be made for each successive clinical trial conducted during product development and for any subsequent protocol amendments. Furthermore, an independent IRB for each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial and its informed consent form before the clinical trial begins at that site, and must monitor the study until completed. Regulatory authorities, the IRB or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk or that the trial is unlikely to meet its stated objectives. Some studies also include oversight by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board, which provides authorization for whether or not a study may move forward at designated check points based on access to certain data from the study and may halt the clinical trial if it determines that there is an unacceptable safety risk for subjects or other grounds, such as no demonstration of efficacy. There are also requirements governing the reporting of ongoing clinical trials and clinical trial results to public registries.

For purposes of NDA approval, human clinical trials are typically conducted in three sequential phases that may overlap.

- **Phase 1**—The investigational product is initially introduced into healthy human subjects or patients with the target disease or condition. These studies are designed to test the safety, dosage tolerance, absorption, metabolism and distribution of the investigational product in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence on effectiveness.

- **Phase 2**—The investigational product is administered to a limited patient population with a specified disease or condition to evaluate the preliminary efficacy, optimal dosages and dosing schedule and to identify possible adverse side effects and safety risks. Multiple Phase 2 clinical trials may be conducted to obtain information prior to beginning larger and more expensive Phase 3 clinical trials. Some trials may combine aspects of Phase 1 and Phase 2 into a single clinical trial,
which we refer to as a “seamless” study that can examine both safety in healthy volunteers and safety and preliminary efficacy in patients with a specific disease.

- **Phase 3**—The investigational product is administered to an expanded patient population to further evaluate dosage, to provide statistically significant evidence of clinical efficacy and to further test for safety, generally at multiple geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the investigational product and to provide an adequate basis for product approval.

A registrational trial is a clinical trial that adequately meets regulatory agency requirements for the evaluation of a drug candidate’s efficacy and safety such that it can be used to justify the approval of the drug. Generally, registrational trials are Phase 3 trials but may be Phase 2 trials if the trial design provides a reliable assessment of clinical benefit, particularly in situations where there is an unmet medical need.

In some cases, the FDA may require, or companies may voluntarily pursue, additional clinical trials after a product is approved to gain more information about the product. These so-called Phase 4 studies may be made a condition to approval of the NDA. Concurrent with clinical trials, companies may complete additional animal studies and develop additional information about the characteristics of the drug candidate, and must finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the drug candidate and, among other things, must develop methods for testing the final product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the drug candidate does not undergo unacceptable deterioration over its shelf life.

**NDA Submission and Review**

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, the results of product development, nonclinical studies and clinical trials are submitted to the FDA as part of an NDA requesting approval to market the product for one or more indications. The NDA must include all relevant data available from pertinent preclinical and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product’s chemistry, manufacturing, controls, and proposed labeling, among other things. A determination by the FDA within 60 days of the receipt of an NDA to file the application for review for its completeness is initiated at the time of submission. If the FDA determines there is significance to the missing or incomplete information in the context of the proposed drug product, the proposed indication(s), and the amount of time needed to address any given deficiency, it can issue a refusal-to-file letter. The submission of an NDA requires payment of a substantial application user fee to FDA, unless a waiver or exemption applies.

Once an NDA has been submitted, the FDA’s goal is to review standard applications within ten months after it accepts the application for filing, or, if the application qualifies for priority review, six months after the FDA accepts the application for filing. In both standard and priority reviews, the review process is often significantly extended by FDA requests for additional information or clarification. The FDA reviews an NDA to determine, among other things, whether a product is safe and effective. The FDA may convene an advisory committee to provide clinical insight on application review questions. Before approving an NDA, the FDA will typically inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.
After the FDA evaluates an NDA and conducts inspections of manufacturing facilities where the product will be produced, the FDA may issue an approval letter or a Complete Response letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A Complete Response letter will describe all of the deficiencies that the FDA has identified in the NDA. In issuing the Complete Response letter, the FDA may recommend actions that the applicant might take to place the NDA in condition for approval, including requests for additional information or clarification. The FDA may delay or refuse approval of an NDA if applicable regulatory criteria are not satisfied, require additional testing or information and/or require post-marketing testing and surveillance to monitor safety or efficacy of a product.

If regulatory approval of a product is granted, such approval will be granted for particular indications and may entail limitations on the indicated uses for which such product may be marketed. For example, the FDA may approve the NDA with a Risk Evaluation and Mitigation Strategy ("REMS"), to ensure the benefits of the product outweigh its risks. A REMS is a safety strategy to manage a known or potential serious risk associated with a product and to enable patients to have continued access to such medicines by managing their safe use, and could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling or the development of adequate controls and specifications. Once approved, the FDA may withdraw the product approval if compliance with pre- and post-marketing requirements is not maintained or if problems occur after the product reaches the marketplace. The FDA may require one or more Phase 4 post-market studies and surveillance to further assess and monitor the product’s safety and effectiveness after commercialization, and may limit further marketing of the product based on the results of these post-marketing studies.

**Expedited Development and Review Programs**

The FDA offers a number of expedited development and review programs for qualifying drug candidates. The fast track program is intended to expedite or facilitate the process for reviewing new products that meet certain criteria. Specifically, new products are eligible for fast track designation if they are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the disease or condition. Fast track designation applies to the combination of the product and the specific indication for which it is being studied. The sponsor of a fast track product has opportunities for frequent interactions with the review team during product development and, once an NDA is submitted, the product may be eligible for priority review. A fast track product may also be eligible for rolling review, where the FDA may consider for review sections of the NDA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA, the FDA agrees to accept sections of the NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the NDA.

A product intended to treat a serious or life-threatening disease or condition may also be eligible for breakthrough therapy designation to expedite its development and review. A product can receive breakthrough therapy designation if preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The designation includes all of the fast track program features, as well as more intensive FDA interaction and guidance beginning as early as Phase 1 and an organizational commitment to expedite the development and review of the product, including involvement of senior managers.

Any product is eligible for priority review if it has the potential to provide a significant improvement in the treatment, diagnosis or prevention of a serious disease or condition compared to marketed products. For products containing new molecular entities, priority review designation means the FDA’s goal is to take action on the marketing application within six months of the 60-day filing date (compared with ten months under standard review).
Additionally, products studied for their safety and effectiveness in treating serious or life-threatening diseases or conditions may receive accelerated approval upon a determination that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. As a condition of accelerated approval, the FDA will generally require the sponsor to perform adequate and well-controlled post-marketing clinical trials to verify and describe the anticipated effect on irreversible morbidity or mortality or other clinical benefit. In addition, the FDA currently requires, as a condition for accelerated approval, pre-approval of promotional materials, which could adversely impact the timing of the commercial launch of the product.

**Orphan Drug Designation**

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug or biologic intended to treat a rare disease or condition, which is a disease or condition that affects fewer than 200,000 individuals in the United States, or more than 200,000 individuals in the United States for which there is no reasonable expectation that the cost of developing and making available in the United States a drug or biologic for this type of disease or condition will be recovered from sales in the United States for that drug or biologic. Orphan drug designation must be requested before submitting an NDA. After the FDA grants orphan drug designation, the generic identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. The orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review or approval process.

If a product that has orphan drug designation subsequently receives the first FDA approval for the disease for which it has such designation, the product is entitled to orphan drug exclusive approval (or exclusivity), which means that the FDA may not approve any other applications, including a full NDA, to market the same drug for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity. Orphan drug exclusivity does not prevent the FDA from approving a different drug or biologic for the same disease or condition, or the same drug or biologic for a different disease or condition. Among the other benefits of orphan drug designation are tax credits for certain research and a waiver of the application user fee.

A designated orphan drug may not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received orphan designation. In addition, exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition.

**Post-Approval Requirements**

Any products manufactured or distributed by us pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to record-keeping, reporting of adverse experiences, periodic reporting, product sampling and distribution, and advertising and promotion of the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval. There also are continuing user fee requirements, under which FDA assesses an annual program fee for each product identified in an approved NDA. Drug manufacturers and their subcontractors are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP, which impose certain procedural and documentation requirements upon us and our third-party manufacturers. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting requirements upon us.
and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

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

- restrictions on the marketing or manufacturing of a product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of existing product approvals;
- product seizure or detention, or refusal of the FDA to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA closely regulates the marketing, labeling, advertising and promotion of biologics and drugs. A company can make only those claims relating to safety and efficacy, purity and potency that are approved by the FDA and in accordance with the provisions of the approved label. However, companies may share truthful and not misleading information that is otherwise consistent with a product’s FDA approved labeling. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties. Physicians may prescribe legally available products for uses that are not described in the product’s labeling and that differ from those tested by us and approved by the FDA. Such off-label uses are common across medical specialties. Physicians may believe that such off-label uses are the best treatment for patients in varied circumstances. The FDA does not regulate the behavior of physicians in their choice of treatments. The FDA does, however, restrict manufacturer’s communications on the subject of off-label use of their products.

FDA Regulation of Companion Diagnostics

A therapeutic product may rely upon an in vitro companion diagnostic for use in selecting the patients that will be more likely to respond to that therapy. If an in vitro diagnostic is essential to the safe and effective use of the therapeutic product, then the FDA generally will require approval or clearance of the diagnostic at the same time that the FDA approves the therapeutic product. According to FDA guidance, a companion diagnostic device used to make treatment decisions in clinical trials of a drug generally will be considered an investigational device unless it is employed for an intended use for which the device is already approved or cleared. If used to make critical treatment decisions, such as patient selection, the diagnostic device generally will be considered a significant risk device under the FDA’s Investigational Device Exemption (“IDE”), regulations. Thus, the sponsor of the diagnostic device will be required to comply with the IDE regulations. According to the guidance, if a diagnostic device and a drug are to be studied together to support their respective approvals, both products can be studied in the same investigational trial, if the trial meets both the requirements of the IDE regulations and the IND regulations. The guidance provides that depending on the details of the trial plan and subjects, a sponsor may seek to submit an IND alone, or both an IND and an IDE.
Pursuing FDA approval of an in vitro companion diagnostic would require either a pre-market notification, also called 510(k) clearance, or a pre-market approval (“PMA”), for that diagnostic. The review of companion diagnostics involves coordination of review with the FDA’s Center for Devices and Radiological Health.

The PMA process, including the gathering of clinical and nonclinical data and the submission to and review by the FDA, can take several years or longer. The applicant must prepare and provide the FDA with reasonable assurance of the device’s safety and effectiveness, including information about the device and its components regarding, among other things, device design, manufacturing and labeling. PMA applications are subject to an application fee. In addition, PMAs for devices must generally include the results from extensive preclinical and adequate and well-controlled clinical trials to establish the safety and effectiveness of the device for each indication for which FDA approval is sought. In particular, for a diagnostic, the applicant must demonstrate that the diagnostic produces reproducible results. As part of the PMA review, the FDA will typically inspect the manufacturer’s facilities for compliance with the Quality System Regulation ("QSR"), which imposes elaborate testing, control, documentation and other quality assurance requirements.

**U.S. Patent Term Restoration and Marketing Exclusivity**

The term of a patent depends upon the laws of the country in which it is issued. In most jurisdictions, a patent term is 20 years from the earliest filing date of a non-provisional patent application. Depending upon the timing, duration and specifics of the FDA approval of our drug candidates, one or more issued U.S. patents we obtain may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years beyond the normal expiration of the patent, limited to the approved indication (or any additional indications approved during the period of extension), as compensation for patent term lost during the FDA regulatory review process. The patent term restoration period granted on a patent covering a product is generally one-half the time between the effective date of an IND and the submission date of an NDA, plus the time between the submission date of an NDA and the ultimate approval date of that application. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product’s approval date. Only one patent applicable to an approved product is eligible for extension and only those claims covering the approved product, a method for using it, or a method for manufacturing it may be extended. Additionally, the application for the extension must be submitted prior to the expiration of the patent in question. A patent that covers multiple products for which approval is sought can only be extended in connection with one of the approvals. The USPTO, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, we intend to apply for restoration of patent term for an issued patent we own, and if eligible for such restoration, to add patent term beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant NDA. There can be no assurance that any of our pending patent applications will be issued or that we will benefit from any patent term extension.

Marketing exclusivity provisions under the United States Federal Food, Drug, and Cosmetic Act (“FDCA”) can also delay the submission or the approval of certain marketing applications for competing products. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to obtain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application (“ANDA”), or a 505(b)(2) NDA submitted by another company for another drug based on the same active moiety, regardless of whether the drug is intended for the same indication as the original innovator drug or for another indication. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement to one of the patents listed with the FDA by the innovator NDA holder. The FDCA also provides three years of marketing exclusivity for an NDA, or supplement to an existing NDA, if new clinical investigations, other than bioavailability studies, that were
conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the modification for which the drug received approval on the basis of the new clinical investigations and does not prohibit the FDA from approving ANDAs or 505(b)(2) applications for drugs containing the active agent for the original indication or condition of use. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness. Orphan drug exclusivity, as described below, may offer a seven-year period of marketing exclusivity, except in certain circumstances. Pediatric exclusivity is another type of regulatory market exclusivity in the United States. Pediatric exclusivity, if granted, adds six months to existing exclusivity periods and patent terms. This six-month exclusivity, which runs from the end of other exclusivity protection or patent term, may be granted based on the voluntary completion of a pediatric trial in accordance with an FDA-issued “Written Request” for such a trial.

**European Drug Development**

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

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

In 2014, a new Clinical Trials Regulation 536/2014, replacing the current Directive, was adopted. The new Regulation will become directly applicable in all EU Member States (without national implementation) once the EU Portal and Database are fully functional. It is expected that the Regulation will apply in 2019. The new Regulation seeks to simplify and streamline the approval of clinical trials in the European Union. For example, the sponsor shall submit a single application for approval of a clinical trial via the EU Portal. As part of the application process, the sponsor shall propose a reporting Member State, who will coordinate the validation and evaluation of the application. The reporting Member State shall consult and coordinate with the other concerned Member States. If an application is rejected, it can be amended and resubmitted through the EU Portal. If an approval is issued, the sponsor can start the clinical trial in all concerned Member States. However, a concerned Member State can in limited circumstances declare an “opt-out” from an approval. In such a case, the clinical trial cannot be conducted in that Member State. The Regulation also aims to streamline and simplify the rules on safety reporting and introduces enhanced transparency requirements such as mandatory submission of a summary of the clinical trial results to the EU Database.

**European Drug Review and Approval**

In the European Economic Area (“EEA”), which is comprised of the 28 Member States of the European Union plus Norway, Iceland and Liechtenstein, medicinal products can only be commercialized after obtaining a Marketing Authorization (“MA”). There are two types of marketing authorizations.

The Community MA, which is issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Products for Human Use (“CHMP”), of the EMA and
which is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of drugs, such as biotechnology medicinal drugs, orphan medicinal drugs, and medicinal drugs containing a new active substance indicated for the treatment of AIDS, cancer, neurodegenerative disorders, autoimmune and viral diseases. The Centralized Procedure is optional for drugs containing a new active substance not yet authorized in the EEA, or for drugs that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the European Union.

National MAAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for drugs not falling within the mandatory scope of the Centralized Procedure. Where a drug has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in other Member States through the Mutual Recognition Procedure. If the drug has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure. Under the Decentralized Procedure, an identical dossier is submitted to the competent authorities of each of the Member States in which the MA is sought, one of which is selected by the applicant as the Reference Member State ("RMS"). The competent authority of the RMS prepares a draft assessment report, a draft summary of the drug characteristics ("SPC"), and a draft of the labeling and package leaflet, which are sent to the other Member States ("Member States Concerned") for their approval. If the Member States Concerned raise no objections, based on a potential serious risk to public health, to the assessment, SPC, labeling, or packaging proposed by the RMS, the drug is subsequently granted a national MA in all the Member States (i.e. in the RMS and the Member States Concerned).

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

**European Chemical Entity Exclusivity**

In Europe, new chemical entities, sometimes referred to as new active substances, qualify for eight years of data exclusivity upon marketing authorization and an additional two years of market exclusivity. This data exclusivity, if granted, prevents regulatory authorities in the European Union from referencing the innovator's data to assess a generic application for eight years, after which generic marketing authorization can be submitted, and the innovator’s data may be referenced, but not approved for two years. The overall ten-year period will be extended to a maximum of 11 years if, during the first eight years of those ten years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies.

**European Union General Data Protection Regulation**

In addition to EU regulations related to the approval and commercialization of our products, we may be subject to the EU’s General Data Protection Regulation ("GDPR"). The GDPR went into effect on May 25, 2018. The GDPR introduced new data protection requirements in the European Union, as well as potential fines for noncompliant companies of up to the greater of €20 million or 4% of annual global revenue. The regulation imposes numerous new requirements for the collection, use, storage and disclosure of personal information, including more stringent requirements relating to consent and the information that must be shared with data subjects about how their personal information is used, the obligation to notify regulators and affected individuals of personal data breaches, extensive new internal privacy governance obligations and obligations to honor expanded rights of individuals in relation to their personal information (e.g., the right to access, correct and delete their data). In addition, the GDPR includes restrictions on cross-border data transfers. The GDPR increased our responsibility and liability in relation to personal data that we process, and we may be required to put in place additional mechanisms to ensure compliance with the new EU data protection rules. Further, the United Kingdom’s vote in favor of exiting the EU, often referred to as Brexit, has created uncertainty with regard
to data protection regulation in the United Kingdom. In particular, it is unclear whether the United Kingdom will enact data protection legislation equivalent to the GDPR and how data transfers to and from the United Kingdom will be regulated.

**Rest of the World Regulation**

For other countries outside of the European Union and the United States, such as countries in Eastern Europe, Latin America or Asia, the requirements governing the conduct of clinical trials, drug licensing, pricing and reimbursement vary from country to country. In all cases the clinical trials must be conducted in accordance with GCP requirements and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

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

**Coverage and Reimbursement**

Sales of our drugs will depend, in part, on the extent to which our drugs will be covered by third-party payors, such as government health programs, commercial insurance and managed healthcare organizations. These third-party payors are increasingly reducing reimbursements for medical drugs and services. Additionally, the containment of healthcare costs has become a priority of federal and state governments, and the prices of drugs have been a focus in this effort. The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic drugs.

There may be significant delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA or similar regulatory authorities outside of the United States. Moreover, eligibility for coverage and reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers our costs, including research, development, intellectual property protection, manufacture, sale and distribution expenses. 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, but also have their own methods and approval process apart from Medicare determinations.

We plan to develop, either by ourselves or with collaborators, in vitro companion diagnostic tests for our drug candidates for certain indications. We, or our collaborators, will be required to obtain coverage and reimbursement for these tests separate and apart from the coverage and reimbursement we seek for our drug candidates, once approved.

In addition, in some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. For example, the European Union provides options for its member states to restrict the range of medicinal drugs for which their national health insurance systems provide reimbursement and to control the prices of medicinal drugs for human use. A member state may approve a specific price for the medicinal drug or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal drug on the market.
There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical drugs will allow favorable reimbursement and pricing arrangements for any of our drugs. Historically, drugs launched in the European Union do not follow price structures of the United States and generally tend to be significantly lower.

**Healthcare Reform**

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of drug candidates, restrict or regulate post-approval activities and affect a biopharmaceutical company’s ability to profitably sell any approved drugs.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (“MMA”) established the Medicare Part D program to provide a voluntary prescription drug benefit to Medicare beneficiaries. Under Part D, Medicare beneficiaries may enroll in prescription drug plans offered by private entities that provide coverage of outpatient prescription drugs. Unlike Medicare Parts A and B, Part D coverage is not standardized. Part D prescription drug plan sponsors are not required to pay for all covered Part D drugs, and each drug plan can develop its own drug formulary that identifies which drugs it will cover and at what tier or level. However, Part D prescription drug formularies must include drugs within each therapeutic category and class of covered Part D drugs, though not necessarily all the drugs in each category or class. Any formulary used by a Part D prescription drug plan must be developed and reviewed by a pharmacy and therapeutic committee. Government payment for some of the costs of prescription drugs may increase demand for drugs for which we obtain marketing approval. However, any negotiated prices for our drugs covered by a Part D prescription drug plan will likely be lower than the prices we might otherwise obtain. Moreover, while the MMA applies only to drug benefits for Medicare beneficiaries, private third-party payors often follow Medicare coverage policy and payment limitations in setting their own payment rates. Any reduction in payment that results from the MMA may result in a similar reduction in payments from non-governmental third-party payors.

The American Recovery and Reinvestment Act of 2009 provides funding for the federal government to compare the effectiveness of different treatments for the same illness. The plan for the research was published in 2012 by the U.S. Department of Health and Human Services (“HHS”), the Agency for Healthcare Research and Quality and the National Institutes for Health, and periodic reports on the status of the research and related expenditures are made to Congress. Although the results of the comparative effectiveness studies are not intended to mandate coverage policies for public or private third-party payors, it is not clear what effect, if any, the research will have on the sales of our drug candidates, if any such drug or the condition that they are intended to treat are the subject of a trial. It is also possible that comparative effectiveness research demonstrating benefits in a competitor’s drug could adversely affect the sales of our drug candidate. If third-party payors do not consider our drugs to be cost-effective compared to other available therapies, they may not cover our drugs after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow us to sell our drugs on a profitable basis.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (“ACA”) enacted in March 2010, has had a significant impact on the healthcare industry. The ACA expanded coverage for the uninsured while at the same time containing overall healthcare costs. With regard to pharmaceutical products, the ACA, among other things, addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, increased the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extended the rebate program to individuals enrolled in Medicaid managed care organizations, established annual fees and taxes on manufacturers of certain branded prescription drugs, and a new Medicare Part D coverage gap discount program, in which manufacturers must now agree to offer 70% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer’s outpatient drugs to be covered under Medicare Part D.
Some of the provisions of the ACA have yet to be fully implemented, while certain provisions have been subject to judicial and Congressional challenges as well as recent efforts by the current U.S. President’s administration to repeal or replace certain aspects of the ACA. Since January 2017, the current U.S. President has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or replace and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, it has enacted laws that modify certain provisions of the ACA such as removing penalties, starting January 1, 2019, for not complying with the ACA’s individual mandate to carry health insurance, delaying the implementation of certain ACA-mandated fees, and increasing the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D. On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas (Texas District Court Judge), ruled that the individual mandate is a critical and inseverable feature of the ACA, and therefore, because it was repealed as part of the Tax Cuts and Jobs Act, the remaining provisions of the ACA are invalid as well. While the Texas District Court Judge, as well as the current U.S. President’s administration and the Centers for Medicare & Medicaid Services (“CMS”), have stated that the ruling will have no immediate effect, it is unclear how this decision, subsequent appeals, and other efforts to repeal and replace the ACA will impact the ACA.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. On August 2, 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation’s automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, started in April 2013, and, due to subsequent legislative amendments, will stay in effect through 2027 unless additional congressional action is taken. On January 2, 2013, the then-U.S. President signed into law the American Taxpayer Relief Act of 2012 (“ATRA”), which, among other things, also reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

Further, there has been heightened governmental scrutiny recently over the manner in which drug manufacturers set prices for their marketed products, which has resulted in several congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. For example, the current U.S. President’s administration released a “Blueprint” to lower drug prices and reduce out-of-pocket costs of drugs that contains additional proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out-of-pocket costs of drug products paid by consumers. For example, in October 2018, CMS proposed a new rule that would require direct-to-consumer television advertisements of prescription drugs and biological products, for which payment is available through or under Medicare or Medicaid, to include in the advertisement the Wholesale Acquisition Cost, or list price, of that drug or biological product. On January 31, 2019, the HHS Office of Inspector General, proposed modifications to the federal Anti-Kickback Statute discount safe harbor for the purpose of reducing the cost of drug products to consumers which, among other things, if finalized, will affect discounts paid by manufacturers to Medicare Part D plans, Medicaid managed care organizations and pharmacy benefit managers working with these organizations. Although some of these and other proposed measures may require additional authorization to become effective, Congress and the current U.S. President’s administration has each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs.

Additionally, on May 30, 2018, the Trickett Wendler, Frank Mongiello, Jordan McLinn, and Matthew Bellina Right to Try Act of 2017 (“Right to Try Act”) was signed into law. The law, among other things,
provides a federal framework for certain patients to access certain investigational new drug products that have completed a Phase 1 clinical trial and that are undergoing investigation for FDA approval. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA permission under the FDA expanded access program. There is no obligation for a pharmaceutical manufacturer to make its drug products available to eligible patients as a result of the Right to Try Act.

Other Healthcare Laws

We may also be subject to healthcare regulation and enforcement by the federal government and the states and foreign governments where we may market our drug candidates, if approved. These laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, privacy and security and physician sunshine laws and regulations.

The federal Anti-Kickback Statute prohibits, among other things, any person from knowingly and willfully offering, soliciting, receiving or paying remuneration, directly or indirectly, to induce either the referral of an individual, for an item or service or the purchasing or ordering of a good or service, for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs. The federal Anti-Kickback Statute is subject to evolving interpretations. In the past, the government has enforced the federal Anti-Kickback Statute to reach large settlements with healthcare companies based on sham consulting and other financial arrangements with physicians. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act. The majority of states also have anti-kickback laws, which establish similar prohibitions and in some cases may apply to items or services reimbursed by any third-party payor, including commercial insurers.

Additionally, the federal civil and criminal false claims laws, including the False Claims Act, and civil monetary penalties law, prohibits knowingly presenting or causing the presentation of a false, fictitious or fraudulent claim for payment to the U.S. government. Actions under the False Claims Act may be brought by the Attorney General or as a qui tam action by a private individual in the name of the government. The federal government is using the False Claims Act, and the accompanying threat of significant liability, in its investigation and prosecution of pharmaceutical and biotechnology companies throughout the United States, for example, in connection with the promotion of products for unapproved uses and other sales and marketing practices. The government has obtained multi-million and multi-billion dollar settlements under the False Claims Act in addition to individual criminal convictions under applicable criminal statutes. Given the significant size of actual and potential settlements, it is expected that the government will continue to devote substantial resources to investigating healthcare providers' and manufacturers' compliance with applicable fraud and abuse laws.

The federal Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) also created additional federal civil and criminal penalties for, among other actions, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

There has also been a recent trend of increased federal and state regulation of payments made to physicians and other healthcare providers. The ACA, through the Physician Payments Sunshine Act, imposes new reporting requirements on drug manufacturers for payments made by them to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members.
Drug manufacturers are required to submit annual reports to the government and these reports are posted on a website maintained by CMS. Certain states also mandate implementation of compliance programs, impose restrictions on drug manufacturer marketing practices and/or require the tracking and reporting of gifts, compensation and other remuneration to physicians.

We may also be subject to data privacy and security requirements that may impact the way in which we conduct research and operate our business. HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act ("HITECH"), and their respective implementing regulations, including the final omnibus rule published on January 25, 2013, impose obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information on covered entities, including certain healthcare providers, health plans, and healthcare clearinghouses, as well as individuals and entities that provide services on behalf of a covered entity that involve individually identifiable health information, known as business associates. In addition, we may be directly subject to certain state laws concerning data privacy and security. For example, California recently enacted the California Consumer Privacy Act ("CPPA"), which creates new individual privacy rights for California consumers (as defined in the law) and places increased privacy and security obligations on entities handling certain personal data of consumers or households. The CCPA will require covered companies to provide new disclosure to consumers about such companies’ data collection, use and sharing practices, provide such consumers new ways to opt-out of certain sales or transfers of personal information, and provide consumers with additional causes of action. The CCPA goes into effect on January 1, 2020, and the California Attorney General may bring enforcement actions for violations beginning July 1, 2020. The CCPA was amended on September 23, 2018, and it remains unclear what, if any, further modifications will be made to this legislation or how it will be interpreted. As currently written, the CCPA may impact our business activities and exemplifies the vulnerability of our business to the evolving regulatory environment related to personal data and protected health information. Existing state laws governing the privacy and security of personally identifiable information, and, in some states, health information, impose differing requirements, thus complicating our compliance efforts.

Legal Proceedings

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows, or financial condition. Defending such proceedings is costly and can impose a significant burden on management and employees, we may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurances that favorable final outcomes will be obtained.

Our Employees

As of June 30, 2019, we had 62 full-time employees, with 51 in research and development and eleven in general and administrative functions. As of June 30, 2019, 27 of our full-time employees had completed a Ph.D. or other advanced science or medical degree.

None of our employees is represented by a labor union or covered by collective bargaining agreements, and we have not experienced any work stoppages. We consider our relations with our employees to be good.

Our Facilities

Our corporate headquarters are located in South San Francisco, California, and comprise approximately 36,754 square feet of space, pursuant to an operating lease that expires in November 2026. This lease includes an option to extend for a further eight years, at market rates that prevail at the time of our election to extend.

We believe that these facilities are sufficient to meet our current needs. We also believe we will be able to obtain additional space, as needed, on commercially reasonable terms.
MANAGEMENT

The following table sets forth information for our executive officers and directors as of June 30, 2019:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
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<tbody>
<tr>
<td><strong>Executive Officers</strong></td>
<td></td>
<td></td>
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<tr>
<td>Brian Wong, M.D., Ph.D.</td>
<td>47</td>
<td>President, Chief Executive Officer and Director</td>
</tr>
<tr>
<td>William Ho, M.D., Ph.D.</td>
<td>53</td>
<td>Chief Medical Officer</td>
</tr>
<tr>
<td>Dirk Brockstedt, Ph.D.</td>
<td>50</td>
<td>Chief Scientific Officer</td>
</tr>
<tr>
<td>Eric Hall, CFA</td>
<td>64</td>
<td>Interim Chief Financial Officer and Secretary</td>
</tr>
<tr>
<td><strong>Key Employees</strong></td>
<td></td>
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</tr>
<tr>
<td>David Wustrow, Ph.D.</td>
<td>60</td>
<td>Senior Vice President, Drug Discovery and Preclinical Development</td>
</tr>
<tr>
<td>Paul Kassner, Ph.D.</td>
<td>53</td>
<td>Vice President, Quantitative and Computational Biology</td>
</tr>
<tr>
<td>Karen C. Lam</td>
<td>45</td>
<td>Vice President, Finance and Corporate Controller</td>
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<tr>
<td>Erin Campany</td>
<td>52</td>
<td>Vice President, Human Resources</td>
</tr>
<tr>
<td><strong>Non-Employee Directors</strong></td>
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<tr>
<td>William Rieflin(1)(2)</td>
<td>59</td>
<td>Chair of the Board of Directors</td>
</tr>
<tr>
<td>Michael F. Giordano, M.D.(1)(2)(3)</td>
<td>61</td>
<td>Director</td>
</tr>
<tr>
<td>David V. Goeddel, Ph.D.</td>
<td>68</td>
<td>Director</td>
</tr>
<tr>
<td>Linda Kozick(1)(3)</td>
<td>61</td>
<td>Director</td>
</tr>
</tbody>
</table>

(1) Member of the audit committee.
(2) Member of the compensation committee.
(3) Member of the nominating and corporate governance committee.

**Executive Officers**

*Brian Wong, M.D., Ph.D.* has served as a member of our board of directors and as our Chief Executive Officer since August 2015 and as our President since June 2019. From January 2009 to August 2015, he served as Vice President of Immunology and Discovery Research and most recently as Senior Vice President, Research and Head of Immuno-Oncology at Five Prime Therapeutics, Inc., a biopharmaceutical company. From 2005 to 2009, he served as Director of Research in the Inflammation Disease Biology Area at F. Hoffmann-La Roche Ltd., a pharmaceutical company. Dr. Wong received an M.D. from Weill Cornell Medical College and a Ph.D. in Immunology from Rockefeller University. Dr. Wong obtained a B.A. in Chemistry and Biochemistry from Oberlin College. We believe that Dr. Wong’s extensive experience in the life sciences industry and his medical and scientific training provide him with the qualifications and skills to serve on our board of directors and as our President and Chief Executive Officer.

*William Ho, M.D., Ph.D.* has served as our Chief Medical Officer since May 2015. From October 2012 to June 2016, he served as the Vice President of Clinical Development at Igenica Biotherapeutics, Inc., a pharmaceutical company. From September 2005 to September 2012, he served in several positions up to Senior Medical Director in the Exploratory Clinical Development (BioOncology) group at Genentech, Inc., a biotechnology company. Dr. Ho completed his internship and residency in Internal Medicine at the University of California, San Francisco, and received his fellowship training in Medical Oncology at the University of Washington and Fred Hutchinson Cancer Research Center. Dr. Ho received an M.D. and a Ph.D. in Microbiology and Immunology from Stanford University and an A.B. in Molecular Biology from Princeton University.

*Dirk Brockstedt, Ph.D.* has served as our Chief Scientific Officer since June 2019. Prior to that he served as our Senior Vice President, Biology from January 2018 to June 2019. Since October 2017, he has also served as Executive in Residence at ShangPharma Innovation Inc., a healthcare investment company. From
September 2011 to December 2017, he served as Senior Vice President of Research and Development and most recently as Executive Vice President of Research and Development at Aduro Biotech, Inc., a biopharmaceutical company. Dr. Brockstedt served as Director of Research at Anza Therapeutics, Inc. from 2007 to 2009, Director of Immunology at Cerus Corporation from 2002 to 2007 and Senior Research Scientist at Aventis Pharmaceuticals, Inc. from 1999 to 2002, each a biopharmaceutical company. Prior to that he was a post-doctoral fellow at the Stanford School of Medicine in the Department of Pathology. Dr. Brockstedt received a Ph.D. in Microbiology from the University of Kiel (graduate work performed at Stanford University) and an M.S. in Microbiology from the University of Kiel.

**Eric Hall, CFA** has served as our interim Chief Financial Officer and Secretary since March 2019 through his capacity as a partner at FLG Partners, LLC (“FLG Partners”), a Silicon Valley chief financial officer services firm. Mr. Hall has served as a partner at FLG Partners since 2004. In his capacity as a partner at FLG Partners, Mr. Hall has served as Chief Financial Officer at ALX Oncology Inc., a biotechnology company, since October 2018, and at 4Info, Inc., an advertising company, since April 2018. He served as Chief Financial Officer at uBiome, Inc. (“uBiome”), a biotechnology company, from September 2018 to December 2018. Prior to uBiome, Mr. Hall served as Chief Financial Officer at Peninsula Clean Energy from August 2018 to October 2018. He served as Chief Financial Officer at Lightning Bolt Solutions, Inc., a software company, from May 2018 to January 2019. He served as Chief Financial Officer at E2 Consulting Engineers, Inc., an engineering services company, from August 2017 to March 2018. Mr. Hall served as Chief Financial Officer at Singulex, Inc., a medical equipment company, from February 2016 to December 2017. He served as Chief Financial Officer at Xambala Incorporated (“Xambala”), a financial technology company, from June 2015 to November 2015. Prior to Xambala, he served as Chief Financial Officer at Visionnaire Ventures, LLC, an investment firm, from March 2014 to August 2015. Mr. Hall has been a Chartered Financial Analyst (CFA) charterholder since 1990. Mr. Hall obtained an M.B.A. in Finance from Vanderbilt University and an A.B. in Economics from the University of California, Davis.

**Key Employees**

**David Wustrow, Ph.D.** has served as our Senior Vice President of Drug Discovery and Preclinical Development since January 2019. Prior to that, he served as our Vice President, Drug Discovery from February 2016 to January 2019. From June 2012 to February 2016, he served as Vice President of Chemical and Pharmaceutical Sciences at Cleave Biosciences, Inc., a biopharmaceutical company. Previously, he held several escalating positions at biotechnology and pharmaceutical companies, including XenoPort Inc., where he served as Vice President, Medicinal Chemistry from 2008 to 2011 and as Executive Director of Scientific Assessment and Licensing in 2012, Neurogen Technologies, Inc., where he served as Executive Director of Chemistry from 2005 to 2008, and Pfizer Inc., where he served as Senior Director of Neuroscience Chemistry from 2003 to 2005. Prior to that, Dr. Wustrow held positions of increasing responsibility at Pfizer Inc. and Parke Davis-Warner Lambert. Dr. Wustrow received an M.S. in Chemistry and a Ph.D. in Organic Synthesis from the University of Rochester. Dr. Wustrow obtained a B.S. in Chemistry from Pennsylvania State University.

**Paul Kassner, Ph.D.** has served as our Vice President of Quantitative and Computational Biology since January 2016. From January 2003 to December 2015 he served at Amgen, Inc., a biopharmaceutical company, most recently as Director of Research and Head of the Genome Analysis Unit. Dr. Kassner held positions of increasing responsibility at multiple biotechnology companies from 1997 to 2003, including Selective Genetics, Inc., Zyomyx, Inc., Pointilliste, Inc. and Tularik Inc. Dr. Kassner completed his postdoctoral training at UC San Diego, and received a Ph.D. in Immunology from Harvard University and a B.S. in Genetics and Development from the University of Illinois at Champaign-Urbana.

**Karen C. Lam** has served as our Vice President, Finance and Corporate Controller since June 2019. Prior to that, she was our Senior Director, Finance and Corporate Controller from September 2017 to June 2019. From August 2013 to September 2017, Ms. Lam was Senior Director, Controller of True North Therapeutics, Inc., a biotechnology company. From September 2009 to August 2013, she was Director, Controller at iPierian
Inc., a development stage biotechnology company. Ms. Lam is a Certified Public Accountant (inactive) and received a B.S. in Business Administration from San Francisco State University.

**Erin Campany** has served as our Vice President, Human Resources, since June 2019. From October 2017 to June 2019, Ms. Campany was Head of Human Resources at Immune Design Corp. (a Merck subsidiary), a biotechnology company. From August 2013 to September 2017, Ms. Campany was Senior Director, Global Human Resources, at Acorda Therapeutics (formerly Biotie Therapies, Inc.), a biotechnology company. Ms. Campany received a B.A. in Psychology from San Jose State University.

**Non-Employee Directors**

**William J. Rieflin, J.D.** has served on our board of directors since April 2016 and as the chair of our board of directors since June 2019. From September 2010 to September 2018, he served as the Chief Executive Officer of NGM Biopharmaceuticals. From 2004 until 2010, Mr. Rieflin served as President of XenoPort, Inc., a biotechnology company. Mr. Rieflin also serves as Executive Chairman of the board of directors of NGM Biopharmaceuticals. Mr. Rieflin previously served on the board of directors of Anacor Pharmaceuticals, Inc., a pharmaceutical company, from April 2011 to June 2016 and of XenoPort, Inc. from September 2010 to July 2016. Mr. Rieflin obtained a J.D. from Stanford Law School and an M.B.A. from the University of Chicago. Mr. Rieflin received a B.S. in Industrial and Labor Relations from Cornell University. We believe that Mr. Rieflin’s extensive experience in the biopharmaceutical industry, his industry expertise and financial knowledge, and his experience as a member of the board of directors of other public companies provide him with the qualifications and skills to serve as a director of our company.

**Michael F. Giordano, M.D.** has served on our board of directors since January 2018. From 1999 to 2017, Dr. Giordano worked at Bristol-Myers Squibb Co., a pharmaceutical company, most recently serving as Senior Vice President and Head of Development of Oncology and Immunology. Dr. Giordano also serves on the board of directors of Epizyme, Inc., a biopharmaceutical company. He received a M.D. from Weil Cornell Medical College and a B.A. in Natural Science from Johns Hopkins University. We believe that Dr. Giordano’s extensive experience in oncology and immuno-oncology provide him with the qualifications and skills to serve as a director of our company.

**David V. Goeddel, Ph.D.** has served on our board of directors since April 2015. Dr. Goeddel has been a Managing Partner of The Column Group, LLC, a venture capital partnership, since 2007. Prior to that, he served as Amgen’s first Senior Scientific Vice President until May 2006. Dr. Goeddel co-founded Tularik Inc., a biotechnology company, in November 1991 and served as Vice President of Research there until 1996 and Chief Executive Officer from 1996 through 2004. Dr. Goeddel also serves on the board of directors of NGM Biopharmaceuticals, Inc. and Peloton Therapeutics, Inc., both biopharmaceutical companies. Dr. Goeddel obtained a Ph.D. in Biochemistry from the University of Colorado, Boulder and a B.A. in Chemistry from the University of California, San Diego. We believe that Dr. Goeddel’s scientific training and experience as a director of other publicly traded and privately held biopharmaceutical companies provide him with the qualifications and skills to serve as a director of our company.

**Linda Kozick** has served on our board of directors since December 2016. From January 2011 to July 2015, Ms. Kozick served as Head of Immuno-Oncology, Oncology Product and Portfolio Strategy for Opdivo and Yervoy Life Cycle Management at Bristol-Myers Squibb Co. Ms. Kozick obtained an M.B.A. from Chapman University. Ms. Kozick also received an M.S. in Molecular Immunology and a B.S. in Medical Technology from SUNY Upstate Medical University. We believe that Ms. Kozick’s experience in the biopharmaceutical industry and her technical training provide her with the qualifications and skills to serve as a director of our company.

**Family Relationships**

There are no family relationships among any of our executive officers or directors.
Composition of Our Board of Directors

Our business and affairs are managed under the direction of our board of directors. We currently have six directors. After the closing of this offering, the number of directors will be fixed by our board of directors, subject to the terms of our amended and restated certificate of incorporation and amended and restated bylaws that will become effective upon the closing of this offering. Each of our current directors will continue to serve as a director until the election and qualification of his or her successor, or until his or her earlier death, resignation or removal.

Our board of directors may establish the authorized number of directors from time to time by resolution. In accordance with our amended and restated certificate of incorporation that will be in effect upon the closing of this offering, immediately after this offering our board of directors will be divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- the Class I directors will be Dr. Wong and Dr. Goeddel, and their terms will expire at our first annual meeting of stockholders following this offering;
- the Class II directors will be Mr. Rieflin and Ms. Kozick, and their terms will expire at our second annual meeting of stockholders following this offering; and
- the Class III director will be Dr. Giordano, and his term will expire at our third annual meeting of stockholders following this offering.

We expect that any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, our board of directors has determined that Dr. Giordano, Dr. Goeddel, Ms. Kozick and Mr. Rieflin do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under the applicable listing standards. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our shares held by each non-employee director and the transactions described in the section titled “Certain Relationships and Related Party Transactions.”

Committees of Our Board of Directors

Our board of directors has established an audit committee, a compensation committee, and a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.
Audit Committee

Our audit committee consists of William Rieflin, Linda Kozick and Michael Giordano. Our board of directors has determined that each member of the audit committee satisfies the independence requirements under the Nasdaq listing standards and Rule 10A-3(b)(1) of the Exchange Act. The chair of our audit committee is Mr. Rieflin. Our board of directors has determined that Mr. Rieflin is an “audit committee financial expert” within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable listing standards. In arriving at these determinations, our board of directors has examined each audit committee member’s scope of experience and the nature of his or her employment.

The primary purpose of the audit committee is to discharge the responsibilities of our board of directors with respect to our corporate accounting and financial reporting processes, systems of internal control and financial statement audits, and to oversee our independent registered public accounting firm. Specific responsibilities of our audit committee include:

- helping our board of directors oversee our corporate accounting and financial reporting processes;
- managing and/or assessing the selection, engagement, qualifications, independence and performance of a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing related party transactions;
- reviewing our policies on risk assessment and risk management;
- reviewing, with our independent registered public accounting firm, our internal quality control procedures, any material issues with such procedures and any steps taken to deal with such issues; and
- pre-approving audit and permissible non-audit services to be performed by the independent registered public accounting firm.

Our audit committee will operate under a written charter, to be effective prior to the closing of this offering, that satisfies the applicable listing standards of Nasdaq.

Compensation Committee

Our compensation committee consists of Michael Giordano and William Rieflin. The chair of our compensation committee is Dr. Giordano. Our board of directors has determined that each member of the compensation committee satisfies the independence requirements under the listing standards of Nasdaq, and is a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act.

The primary purpose of our compensation committee is to discharge the responsibilities of our board of directors in overseeing our compensation policies, plans and programs and to review and determine the
compensation to be paid to our executive officers, directors and other senior management, as appropriate. Specific responsibilities of our compensation committee include:

- reviewing and recommending to our board of directors the compensation of our chief executive officer and other executive officers;
- reviewing and recommending to our board of directors the compensation of our directors;
- administering our equity incentive plans and other benefit programs;
- reviewing, adopting, amending and terminating incentive compensation and equity plans, severance agreements, profit sharing plans, bonus plans, change-of-control protections and any other compensatory arrangements for our executive officers and other senior management; and
- reviewing and establishing general policies relating to compensation and benefits of our employees, including our overall compensation philosophy.

Our compensation committee will operate under a written charter, to be effective prior to the closing of this offering, that satisfies the applicable listing standards of Nasdaq.

**Nominating and Corporate Governance Committee**

Our nominating and corporate governance committee consists of Linda Kozick and Michael Giordano. The chair of our nominating and corporate governance committee is Ms. Kozick. Our board of directors has determined that each member of the nominating and corporate governance committee satisfies the independence requirements under the listing standards of Nasdaq.

Specific responsibilities of our nominating and corporate governance committee include:

- identifying and evaluating candidates, including the nomination of incumbent directors for reelection and nominees recommended by stockholders, to serve on our board of directors;
- considering and making recommendations to our board of directors regarding the composition and chairs of the board of directors and committees of our board of directors;
- reviewing developments in corporate governance practices;
- developing and making recommendations to our board of directors regarding corporate governance guidelines and matters; and
- overseeing periodic evaluations of the board of directors’ performance, including committees of the board of directors.

Our nominating and corporate governance committee operates under a written charter, to be effective prior to the closing of this offering, that satisfies the applicable listing standards of Nasdaq.

**Code of Business Conduct and Ethics**

We have adopted a code of business conduct and ethics (the “Code of Conduct”) that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Upon the closing of this offering, our code of business conduct and ethics will be available under the Corporate Governance section of our website at...
www.rapt.com. In addition, we intend to post on our website all disclosures that are required by law or the listing standards of Nasdaq concerning any amendments to, or waivers from, any provision of the Code of Conduct. The reference to our website address does not constitute incorporation by reference of the information contained at or available through our website, and you should not consider it to be a part of this prospectus.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee is currently or has been at any time one of our officers or employees. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Non-Employee Director Compensation

In March 2018, the board of directors granted a stock option to purchase 100,000 shares of our common stock to Dr. Giordano and stock options to purchase 25,000 shares of our common stock each to Ms. Kozick and Mr. Rieflin, in each case, at an exercise price per share of $1.03. The shares underlying Dr. Giordano’s option vest in 48 equal monthly installments measured from January 12, 2018, subject to Dr. Giordano’s continuous service with us as of each such vesting date. Upon a change in control, the vesting of Dr. Giordano’s option shall accelerate in full. The shares underlying Mr. Rieflin’s option vest in 48 equal monthly installments measured from June 23, 2017, subject to Mr. Rieflin’s continuous service with us as of each such vesting date. The shares underlying Ms. Kozick’s option vest in 48 equal monthly installments measured from November 15, 2017, subject to Ms. Kozick’s continuous service with us as of each such vesting date.

In addition, we reimburse all of our non-employee directors for their reasonable out-of-pocket expenses incurred in attending board of directors and committee meetings.

The following table sets forth information regarding the compensation earned by or paid to our non-employee directors during fiscal 2018, other than Brian Wong, our President and Chief Executive Officer, who is also a member of our board of directors but did not receive any additional compensation for service as a director. The compensation earned by or paid to Dr. Wong as a named executive officer for fiscal 2018 is set forth below under “Executive Compensation—Summary Compensation Table.”

<table>
<thead>
<tr>
<th>Name</th>
<th>Fees Earned or Paid in Cash ($)</th>
<th>Option Awards ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beth Seidenberg, M.D.(2)</td>
<td>20,000(4)</td>
<td>72,000</td>
<td>92,000</td>
</tr>
<tr>
<td>Michael F. Giordano, M.D.(3)</td>
<td>20,000(4)</td>
<td>72,000</td>
<td>92,000</td>
</tr>
<tr>
<td>David V. Goeddel, Ph.D.</td>
<td>20,000(4)</td>
<td>17,928</td>
<td>42,928</td>
</tr>
<tr>
<td>Linda Kozick</td>
<td>20,000(4)</td>
<td>17,713</td>
<td>42,713</td>
</tr>
<tr>
<td>William Rieflin</td>
<td>20,000(4)</td>
<td>17,713</td>
<td>42,713</td>
</tr>
</tbody>
</table>

(1) The amounts reported represent the aggregate grant date fair value of the stock options granted during fiscal 2018 under our 2015 Plan, computed in accordance with Financial Accounting Standard Board Accounting Standards Codification, Topic 718 (“ASC Topic 718”). The assumptions used in calculating the grant-date fair value of the stock options reported in this column are set forth in the notes to our consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the non-employee director. As of December 31, 2018, the aggregate number of option awards outstanding to each of our directors was 100,000 for Dr. Giordano, 125,000 for Ms. Kozick and 58,334 for Mr. Rieflin (including 8,334 shares early exercised but not yet vested).

(2) Dr. Seidenberg resigned from our board in June 2019.

(3) Dr. Giordano joined our board in January 2018.

(4) The amounts in this column represent fees for service on the Board of Directors.
Non-Employee Director Compensation Policy

We have adopted a non-employee director compensation policy that will become effective upon the execution of an underwriting agreement related to this offering, pursuant to which our non-employee directors will be eligible to receive compensation for service on our board of directors and committees of our board of directors.

Equity Compensation

Initial Grant

Each new non-employee director who joins our board of directors after our initial public offering will automatically receive a nonstatutory stock option to purchase 135,000 shares of common stock under our 2019 Plan. Each initial grant will vest in a series of three successive equal annual installments over the three-year period measured from the date of grant, subject to the non-employee director’s continuous service (as defined in our 2019 Plan) through each applicable vesting date.

Annual Grant

On the date of each annual meeting of our stockholders, each continuing non-employee director will automatically receive a nonstatutory stock option to purchase 45,000 shares of common stock under our 2019 Plan. Each annual grant will vest on the earlier of the one year anniversary of the grant date or the day prior to the Company’s next annual meeting occurring after the grant date, subject to the non-employee director’s continuous service through the vesting date.

Vesting Acceleration

In the event of a change of control (as defined in our 2019 Plan), any unvested portion of an equity award granted under the policy will fully vest immediately prior to the closing of such change of control, subject to the non-employee director’s continuous service immediately prior to the closing of the change of control.

Cash Compensation

Commencing with the first calendar quarter following our initial public offering, each non-employee director will receive an annual cash retainer of $35,000 for serving on our board of directors. The chair of our board of directors will receive an additional annual cash retainer of $30,000.

The chairs and members of the three committees of our board of directors will be entitled to the following additional annual cash retainers:

<table>
<thead>
<tr>
<th>Board Committee</th>
<th>Chair Fee</th>
<th>Member Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Committee</td>
<td>$25,000</td>
<td>$12,500</td>
</tr>
<tr>
<td>Compensation Committee</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Nominating and Corporate Governance Committee</td>
<td>8,000</td>
<td>4,000</td>
</tr>
</tbody>
</table>

All annual cash compensation amounts will be payable in equal quarterly installments, in arrears no later than 30 days following the end of each fiscal quarter in which the service occurred, prorated for any partial quarter of service.
Our named executive officers for fiscal 2018, consisting of our principal executive officer and the next two most highly compensated executive officers, were:

- Brian Wong, M.D., Ph.D., our President and Chief Executive Officer;
- Rekha Hemrajani, our former Chief Operating Officer; and
- William Ho, M.D., Ph.D., our Chief Medical Officer.

Summary Compensation Table

The following table presents all of the compensation awarded to our named executive officers during fiscal 2018.

<table>
<thead>
<tr>
<th>Name and Principal Position</th>
<th>Year</th>
<th>Salary ($)</th>
<th>Bonus ($)</th>
<th>Option Awards ($)</th>
<th>Non-Equity Incentive Plan Compensation ($)</th>
<th>All Other Compensation ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brian Wong, M.D., Ph.D.</td>
<td>2018</td>
<td>425,000</td>
<td></td>
<td>865,920</td>
<td>119,000</td>
<td></td>
<td>1,409,920</td>
</tr>
<tr>
<td><em>President and Chief Executive Officer</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rekha Hemrajani</td>
<td>2018</td>
<td>326,510</td>
<td></td>
<td>72,160</td>
<td>75,914</td>
<td></td>
<td>474,584</td>
</tr>
<tr>
<td><em>former Chief Operating Officer</em>(3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>William Ho, M.D., Ph.D.</td>
<td>2018</td>
<td>350,000</td>
<td></td>
<td>72,160</td>
<td>81,375</td>
<td></td>
<td>503,535</td>
</tr>
<tr>
<td><em>Chief Medical Officer</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) The amounts disclosed represent the aggregate grant date fair value of the stock options granted to our named executive officers during fiscal 2018 under our 2015 Plan, computed in accordance with ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the named executive officer.

(2) The amount disclosed represents the executive officer’s total performance bonus earned for fiscal 2018 as described below under “—Annual Performance-Based Bonus Opportunity”.

(3) Ms. Hemrajani resigned as our Chief Operating Officer as of March 19, 2019. Pursuant to the Hemrajani Separation Agreement with us dated March 19, 2019 and amended April 30, 2019, she will provide certain consulting services to us through a business entity that she owns jointly with her husband until June 20, 2019 (unless the consulting arrangement is earlier terminated by her or us).

Annual Performance-Based Bonus Opportunity

Our executive officers are eligible to receive performance-based cash bonuses, which are designed to provide appropriate incentives to our executives to achieve defined performance goals and to reward our executives for individual achievement towards these goals. The performance-based bonus each executive officer is eligible to receive is generally based on the extent to which we achieve the corporate goals that our board or compensation committee establishes and is paid annually. Annually, the compensation committee of our board of directors reviews the company’s performance and determines the actual bonus payout to be awarded to each of our eligible executive officers.

Executive Employment Arrangements

Below are descriptions of our current employment arrangements (or in the case of Ms. Hemrajani, consulting arrangement) with each of our named executive officers. Prior to the closing of this offering, we
expect to enter into new employment arrangements with each of Dr. Wong and Dr. Ho, setting forth the terms and conditions of his employment with us following the closing of the offering, and superseding his existing employment arrangement. In addition, each of our named executive officers has executed our standard proprietary information and invention assignment agreement. Any potential payments and benefits due upon a termination of employment or change in control are described below in “—Potential Payments upon Termination or Change in Control.”

**Brian Wong**

We entered into an offer letter with Dr. Wong, our President and Chief Executive Officer, dated July 14, 2015. The offer letter has no specific term and provides for at will employment. Dr. Wong’s current annual base salary is $440,000 and he is eligible for a target annual performance bonus equal to 40% of his annual base salary, based on the achievement of performance objectives determined by us in our sole discretion.

In addition, Dr. Wong’s offer letter provides that if we terminate Dr. Wong’s employment other than for cause (as defined in Dr. Wong’s offer letter), or Dr. Wong resigns for good reason (as defined in Dr. Wong’s offer letter), then Dr. Wong will be eligible to receive the following severance benefits (less applicable tax withholdings): (i) continuation of his then-current annual base salary for six months following his termination date and (ii) payment of the premiums for continued health coverage for him and his eligible dependents under COBRA for up to six months following his termination date. However, to receive the applicable severance benefits upon a qualifying termination, Dr. Wong must (i) sign and not revoke a general release of claims in our favor within the time frame set forth in his offer letter, (ii) return all company property in his possession, and (iii) resign from our board of directors and the board of directors of any our subsidiaries.

If we terminate Dr. Wong’s employment other than for cause, or Dr. Wong resigns for good reason, in each case, within 12 months after a change in control of our company, then 100% of the unvested shares subject to the restricted stock that Dr. Wong acquired through the early exercise of the stock option we granted to him on August 27, 2015 will become fully vested.

**Rekha Hemrajani**

Ms. Hemrajani’s employment with us terminated on March 19, 2019. In connection with Ms. Hemrajani’s termination of employment, we entered into a separation agreement with her dated March 19, 2019. Pursuant to the separation agreement, Ms. Hemrajani will provide certain consulting services to us through a business entity that she owns jointly with her husband until June 20, 2019 (unless the consulting arrangement is earlier terminated by her or us) in exchange for consulting fees to be paid at a rate of $425 per hour. Pursuant to the separation agreement, the options granted to Ms. Hemrajani will not vest during the period she provides consulting services to us; however, the period following her termination of employment to exercise the vested shares subject to her options was extended to June 20, 2020.

**William Ho**

We entered into an offer letter with Dr. Ho, our Chief Medical Officer, dated May 4, 2015. The offer letter has no specific term and provides for at will employment. Dr. Ho’s current annual base salary is $360,500, and he is eligible for a target annual performance bonus equal to 30% of his annual base salary, based on the achievement of performance objectives determined by us in our sole discretion.

**Potential Payments upon Termination or Change in Control**

Regardless of the manner in which a named executive officer’s service terminates, each named executive officer is entitled to receive amounts earned during his or her term of service, including unpaid salary and unused vacation.
Dr. Wong is eligible to receive potential termination or change of control payments pursuant to his offer letter, as amended, as described in “—Executive Employment Arrangements—Brian Wong.”

We entered into a change in control agreement with Dr. Ho, dated May 26, 2016, amended on March 1, 2018. The change in control agreement provides that if we terminate Dr. Ho’s employment other than for cause (as defined in Dr. Ho’s change in control agreement), death, or disability, or Dr. Ho resigns for good reason (as defined in Dr. Ho’s change in control agreement), in either case, in connection with or within 12 months after a change in control of our company, then Dr. Ho will receive the following severance benefits: (i) continuation of his then-current base salary for three months following his termination date; (ii) payment of the premiums for continued health coverage for him and his eligible dependents under COBRA for up to three months following his termination date; and (iii) provided Dr. Ho timely signs and does not revoke a general release of claims in our favor, the vesting and, if applicable, exercisability of each of Dr. Ho’s outstanding equity awards will be fully accelerated effective immediately prior to the date of such termination.

### Outstanding Equity Awards as of December 31, 2018

The following table presents the outstanding equity incentive plan awards held by each named executive officer as of December 31, 2018.

<table>
<thead>
<tr>
<th>Name</th>
<th>Grant Date</th>
<th>Number of Securities Underlying Options Exercisable</th>
<th>Number of Securities Underlying Options Unexercisable</th>
<th>Option Exercise Price Per Share ($)</th>
<th>Option Expiration Date</th>
<th>Number of Shares that Have Not Vested(#)</th>
<th>Market Value of Shares that Have Not Vested ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brian Wong, M.D., Ph.D.</td>
<td>8/27/2015</td>
<td>—</td>
<td>237,500(4)</td>
<td>0.34</td>
<td>3/7/2027</td>
<td>330,000(3)</td>
<td>346,500</td>
</tr>
<tr>
<td></td>
<td>3/8/2017</td>
<td>—</td>
<td>312,500(4)</td>
<td>—</td>
<td>3/7/2027</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>3/28/2018</td>
<td>—</td>
<td>1,200,000(5)</td>
<td>1.03</td>
<td>3/27/2028</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Rekha Hemrajani</td>
<td>6/15/2016</td>
<td>—</td>
<td>—</td>
<td>1.03</td>
<td>3/27/2028</td>
<td>206,251(6)</td>
<td>216,564</td>
</tr>
<tr>
<td></td>
<td>3/15/2016</td>
<td>—</td>
<td>100,000(8)</td>
<td>—</td>
<td>3/27/2028</td>
<td>150,000(7)</td>
<td>157,500</td>
</tr>
<tr>
<td></td>
<td>3/28/2018</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>28,646(9)</td>
<td>30,078</td>
</tr>
<tr>
<td>William Ho, M.D., Ph.D.</td>
<td>5/13/2015</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>5,834(10)</td>
<td>6,126</td>
</tr>
<tr>
<td></td>
<td>7/21/2015</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>42,110(11)</td>
<td>30,078</td>
</tr>
<tr>
<td></td>
<td>1/18/2017</td>
<td>—</td>
<td>38,740(9)</td>
<td>0.34</td>
<td>1/17/2027</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>3/28/2018</td>
<td>—</td>
<td>100,000(12)</td>
<td>1.03</td>
<td>3/27/2028</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

(1) Each of the equity awards was granted under the 2015 Plan, the terms of which plan is described below under “—Equity Incentive Plans.”
(2) This amount reflects the fair value of our common stock of $1.05 as of December 31, 2018 (the determination of the fair value by our board of directors as of the most proximate date) multiplied by the amount shown in the column “Stock Awards—Number of Shares that Have Not Vested.”
(3) On August 27, 2015, Dr. Wong was granted an option to purchase 1,980,000 shares of our common stock at a per share exercise price of $0.17. Dr. Wong immediately exercised the option as to all 1,980,000 shares subject to the option before they became vested, and such shares are subject to a repurchase right in favor of us. 25% of the shares were released from our repurchase right on August 27, 2016, and 1/48th of the shares will be released from our repurchase right each month thereafter, subject to Dr. Wong’s continuous service with us. This award is subject to vesting acceleration on the terms described in “—Executive Employment Arrangements—Brian Wong.”
(4) 25% of the shares subject to the option vested on January 1, 2018, the first anniversary of the vesting commencement date, and the remainder will vest in 36 equal monthly installments thereafter, subject to Dr. Wong’s continuous service as of each such vesting date.
(5) 25% of the shares subject to the option vested on January 1, 2019, the first anniversary of the vesting commencement date, and the remainder will vest in 36 equal monthly installments thereafter, subject to Dr. Wong’s continuous service as of each such vesting date.
On June 15, 2016, Ms. Hemrajani was granted an option to purchase 550,000 shares of our common stock at a per share exercise price of $0.34. Ms. Hemrajani immediately exercised the option as to all 550,000 shares subject to the option before they became vested, and such shares are subject to a repurchase right in favor of us. 25% of the shares were released from our repurchase right on June 15, 2017, and 1/48th of the shares will be released from our repurchase right each month thereafter, subject to Ms. Hemrajani’s continuous service with us.

On June 15, 2016, Ms. Hemrajani was granted an option to purchase 200,000 shares of our common stock at a per share exercise price of $0.34. Ms. Hemrajani immediately exercised the option as to all 200,000 shares subject to the option before they became vested, and such shares are subject to a repurchase right in favor of us. On February 28, 2018, we repurchased 50,000 of these shares. Of the remaining 150,000 shares, 25% of the shares shall be released from our repurchase right on the satisfaction of certain performance milestones, and 1/48th of the shares will be released from our repurchase right each month thereafter, subject to Ms. Hemrajani’s continuous service with us. As of December 31, 2018, the performance milestones were not achieved.

On June 15, 2016, Dr. Ho was granted an option to purchase 275,000 shares of our common stock at a per share exercise price of $0.17. Dr. Ho exercised the option as to all 275,000 shares subject to the option on July 8, 2015, before they became vested, and such shares are subject to a repurchase right in favor of us. 25% of the shares were released from our repurchase right on May 15, 2016, and 1/48th of the shares will be released from our repurchase right each month thereafter, subject to Dr. Ho’s continuous service with us. This award is subject to vesting acceleration on the terms described in “—Executive Employment Arrangements—William Ho.”

On July 14, 2015, Dr. Ho was granted an option to purchase 40,000 shares of our common stock at a per share exercise price of $0.17. Dr. Ho exercised the option as to all 40,000 shares subject to the option on July 25, 2015, before they became vested, and such shares are subject to a repurchase right in favor of us. 25% of the shares were released from our repurchase right on July 14, 2016, and 1/48th of the shares will be released from our repurchase right each month thereafter, subject to Dr. Ho’s continuous service with us. This award is subject to vesting acceleration on the terms described in “—Executive Employment Arrangements—William Ho.”

On January 1, 2018, the first anniversary of the vesting commencement date, and the remainder will vest in 36 equal monthly installments thereafter, subject to Dr. Ho’s continuous service as of each such vesting date. This option is subject to vesting acceleration on the applicable terms described in “—Potential Payments upon Termination or Change in Control.”

Other Compensation and Benefits

Dr. Wong and Dr. Ho are eligible to participate in our employee benefit plans, including our medical, dental, vision, life, disability and accidental death and dismemberment insurance plans, in each case on the same basis as all of our other employees. We pay the premiums for the life, disability, accidental death and dismemberment insurance for all of our employees, including Dr. Wong and Dr. Ho. We generally do not provide perquisites or personal benefits to our named executive officers.

Our named executive officers did not participate in, or earn any benefits under, any nonqualified deferred compensation plan sponsored by us during the fiscal year ended December 31, 2018. Our board of
Directors may elect to provide our officers and other employees with nonqualified deferred compensation benefits in the future if it determines that doing so is in our best interests.

Our named executive officers did not participate in, or otherwise receive any benefits under, any pension or retirement plan sponsored by us during fiscal 2018.

**Employee Benefit and Stock Plans**

The principal features of our equity incentive plans and 401(k) plan are summarized below. These summaries are qualified in their entirety by reference to the actual text of the plans, which, other than the 401(k) plan, are filed as exhibits to the registration statement of which this prospectus is a part.

**2019 Equity Incentive Plan**

Our board of directors adopted and our stockholders approved our 2019 Plan, on , and , respectively. The 2019 Plan will become effective, and no stock awards may be granted under the 2019 Plan until immediately prior to the execution of the underwriting agreement related to this offering. Once the 2019 Plan is effective, no further grants will be made under the 2015 Plan.

**Stock Awards.** The 2019 Plan provides for the grant of incentive stock options (“ISOs”), within the meaning of Section 422 of the Code, nonstatutory stock options (“NSOs”), stock appreciation rights, restricted stock awards, restricted stock unit awards, performance-based stock awards, and other forms of equity compensation, which are collectively referred to as stock awards. Additionally, the 2019 Plan provides for the grant of performance cash awards. ISOs may be granted only to our employees and to any of our parent or subsidiary corporation’s employees. All other awards may be granted to employees, including officers, and to non-employee directors and consultants of ours and any of our affiliates.

**Share Reserve.** Initially, the aggregate number of shares of our common stock that may be issued pursuant to stock awards under the 2019 Plan is the sum of (i) shares plus (ii) the number of shares reserved, and remaining available for issuance, under our 2015 Plan at the time our 2019 Plan became effective and (iii) the number of shares subject to stock options or other stock awards granted under our 2015 Plan that would have otherwise returned to our 2015 Plan (such as upon the expiration or termination of a stock award prior to vesting). The number of shares of our common stock reserved for issuance under our 2019 Plan will automatically increase on January 1 of each year, beginning on January 1, 2020 and continuing through and including January 1, 2029, by % of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by our board of directors. The maximum number of shares that may be issued upon the exercise of ISOs under our 2019 Plan is shares.

If a stock award granted under the 2019 Plan expires or otherwise terminates without being exercised in full, or is settled in cash, the shares of our common stock not acquired pursuant to the stock award again will become available for subsequent issuance under the 2019 Plan. In addition, the following types of shares under the 2019 Plan may become available for the grant of new stock awards under the 2019 Plan: (1) shares that are forfeited to or repurchased by us prior to becoming fully vested; (2) shares withheld to satisfy income or employment withholding taxes; or (3) shares used to pay the exercise or purchase price of a stock award. Shares issued under the 2019 Plan may be previously unissued shares or reacquired shares bought by us on the open market.

The maximum number of shares of common stock subject to stock awards granted under the 2019 Plan or otherwise during any one calendar year to any non-employee director, taken together with any cash fees paid by us to such non-employee director during such calendar year for service on the board of directors, will not exceed $ in total value (calculating the value of any such stock awards based on the grant date fair value of such stock awards for financial reporting purposes), or, with respect to the calendar year in which a non-employee director is first appointed or elected to our board of directors, $ .
Administration. Our board of directors, or a duly authorized committee thereof, has the authority to administer the 2019 Plan. Our board of directors may also delegate to one or more of our officers the authority to (1) designate employees (other than other officers) to be recipients of certain stock awards, (2) determine the number of shares of common stock to be subject to such stock awards and (3) specify the other terms and conditions, including the strike price or purchase price and vesting schedule, applicable to such awards. Subject to the terms of the 2019 Plan, our board of directors or the authorized committee, referred to as the plan administrator, determines recipients, dates of grant, the numbers and types of stock awards to be granted and the terms and conditions of the stock awards, including the period of their exercisability and the vesting schedule applicable to a stock award. Subject to the limitations set forth below, the plan administrator will also determine the exercise price, strike price or purchase price of stock awards granted and the types of consideration to be paid for the stock award.

The plan administrator has the authority to modify outstanding stock awards under our 2019 Plan. Subject to the terms of our 2019 Plan, the plan administrator has the authority, without stockholder approval, to reduce the exercise, purchase or strike price of any outstanding stock award, cancel any outstanding stock award in exchange for new stock awards, cash or other consideration, or take any other action that is treated as a repricing under generally accepted accounting principles, with the consent of any adversely affected participant.

Stock Options. ISOs and NSOs are evidenced by stock option agreements adopted by the plan administrator. The plan administrator determines the exercise price for a stock option, within the terms and conditions of the 2019 Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of our common stock on the date of grant. Options granted under the 2019 Plan vest at the rate specified by the plan administrator.

The plan administrator determines the term of stock options granted under the 2019 Plan, up to a maximum of 10 years. Unless the terms of an option holder’s stock option agreement provide otherwise, if an option holder’s service relationship with us, or any of our affiliates, ceases for any reason other than disability, death or cause, the option holder may generally exercise any vested options for a period of three months following the cessation of service. The option term will automatically be extended in the event that exercise of the option following such a termination of service is prohibited by applicable securities laws or our insider trading policy. If an option holder’s service relationship with us or any of our affiliates ceases due to disability or death, or an option holder dies within a certain period following cessation of service, the option holder or a beneficiary may generally exercise any vested options for a period of 12 months in the event of disability and 18 months in the event of death. In the event of a termination for cause, options generally terminate immediately. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the plan administrator and may include (1) cash, check, bank draft or money order, (2) a broker-assisted cashless exercise, (3) the tender of shares of our common stock previously owned by the option holder, (4) a net exercise of the option if it is an NSO and (5) other legal consideration approved by the plan administrator.

Unless the plan administrator provides otherwise, options generally are not transferable except by will, the laws of descent and distribution, or pursuant to a domestic relations order. An option holder may designate a beneficiary, however, who may exercise the option following the option holder’s death.

Tax Limitations on ISOs. The aggregate fair market value, determined at the time of grant, of our common stock with respect to ISOs that are exercisable for the first time by an option holder during any calendar year under all of our stock plans may not exceed $100,000. Options or portions thereof that exceed such limit will be treated as NSOs. No ISOs may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our parent or subsidiary corporations unless (1) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant and (2) the term of the ISO does not exceed five years from the date of grant.
Restricted Stock Awards. Restricted stock awards are evidenced by restricted stock award agreements adopted by the plan administrator. Restricted stock awards may be granted in consideration for (1) cash, check, bank draft or money order, (2) services rendered to us or our affiliates or (3) any other form of legal consideration. Common stock acquired under a restricted stock award may, but need not, be subject to a share repurchase option in our favor in accordance with a vesting schedule as determined by the plan administrator. Rights to acquire shares under a restricted stock award may be transferable only upon such terms and conditions as set by the plan administrator. Except as otherwise provided in the applicable award agreement, restricted stock awards that have not vested will be forfeited upon the participant’s cessation of continuous service for any reason.

Restricted Stock Unit Awards. Restricted stock unit awards are evidenced by restricted stock unit award agreements adopted by the plan administrator. Restricted stock unit awards may be granted in consideration for any form of legal consideration or for no consideration. A restricted stock unit award may be settled by cash, delivery of stock, a combination of cash and stock as deemed appropriate by the plan administrator, or in any other form of consideration set forth in the restricted stock unit award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a restricted stock unit award. Rights under a restricted stock unit award may be transferred only upon such terms and conditions as set by the plan administrator. Restricted stock unit awards may be subject to vesting as determined by the plan administrator. Except as otherwise provided in the applicable award agreement, restricted stock units that have not vested will be forfeited upon the participant’s cessation of continuous service for any reason.

Stock Appreciation Rights. Stock appreciation rights are evidenced by stock appreciation grant agreements adopted by the plan administrator. The plan administrator determines the strike price for a stock appreciation right, which generally cannot be less than 100% of the fair market value of our common stock on the date of grant. Upon the exercise of a stock appreciation right, we will pay the participant an amount in cash or stock equal to (1) the excess of the per share fair market value of our common stock on the date of exercise over the strike price, multiplied by (2) the number of shares of common stock with respect to which the stock appreciation right is exercised. A stock appreciation right granted under the 2019 Plan vests at the rate specified in the stock appreciation right agreement as determined by the plan administrator.

The plan administrator determines the term of stock appreciation rights granted under the 2019 Plan, up to a maximum of 10 years. Unless the terms of a participant’s stock appreciation right agreement provides otherwise, if a participant’s service relationship with us or any of our affiliates ceases for any reason other than cause, disability or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. The stock appreciation right term will be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws. If a participant’s service relationship with us, or any of our affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability and 18 months in the event of death. In the event of a termination for cause, stock appreciation rights generally terminate immediately upon the occurrence of the event giving rise to the termination of the individual for cause. In no event may a stock appreciation right be exercised beyond the expiration of its term.

Unless the plan administrator provides otherwise, stock appreciation rights generally are not transferable except by will, the laws of descent and distribution, or pursuant to a domestic relations order. A stock appreciation right holder may designate a beneficiary, however, who may exercise the stock appreciation right following the holder’s death.

Performance Awards. Our 2019 Plan permits the grant of performance-based stock and cash awards. The performance goals that may be selected include one or more of the following: (1) earnings (including earnings per share and net earnings); (2) earnings before interest, taxes and depreciation; (3) earnings before interest, taxes, depreciation and amortization; (4) earnings before interest, taxes, depreciation, amortization and
legal settlements; (5) earnings before interest, taxes, depreciation, amortization, legal settlements and other income (expense); (6) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), and stock-based compensation; (7) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), stock-based compensation and changes in deferred revenue; (8) total stockholder return; (9) return on equity or average stockholder's equity; (10) return on assets, investment, or capital employed; (11) stock price; (12) margin (including gross margin); (13) income (before or after taxes); (14) operating income; (15) operating income after taxes; (16) pre-tax profit; (17) operating cash flow; (18) sales or revenue targets; (19) increases in revenue or product revenue; (20) expenses and cost reduction goals; (21) improvement in or attainment of working capital levels; (22) economic value added (or an equivalent metric); (23) market share; (24) cash flow; (25) cash flow per share; (26) share price performance; (27) debt reduction; (28) implementation or completion of projects or processes; (29) stockholders' equity; (30) capital expenditures; (31) debt levels; (32) operating profit or net operating profit; (33) workforce diversity; (34) growth of net income or operating income; (35) billings; (36) bookings; (37) employee retention; (38) user satisfaction; (39) the number of users, including unique users; (40) budget management; (41) partner satisfaction; (42) entry into or completion of strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property); and (43) other measures of performance selected by our board of directors or a committee thereof.

The performance goals may be based on company-wide performance or performance of one or more business units, divisions, affiliates, or business segments, and may be either absolute or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise in the award agreement at the time the award is granted or in such other document setting forth the performance goals at the time the goals are established, we will appropriately make adjustments in the method of calculating the attainment of performance goals as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of any items that are unusual in nature or occur infrequently as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by us achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of our common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock-based compensation and the award of bonuses under our bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles; and (12) to exclude the effect of any other unusual, nonrecurring gain or loss or other extraordinary item. In addition, we retain the discretion to adjust or eliminate the compensation or economic benefit due upon attainment of the goals. The performance goals may differ from participant to participant and from award to award.

Other Stock Awards. The plan administrator may grant other awards based in whole or in part by reference to our common stock. The plan administrator will set the number of shares under the stock award and all other terms and conditions of such awards.

Changes to Capital Structure. If there is a specified type of change in our capital structure, such as a stock split or recapitalization, appropriate adjustments will be made to (1) the class and maximum number of shares reserved for issuance under the 2019 Plan, (2) the class and maximum number of shares by which the share reserve may increase automatically each year, (3) the class and number of shares that may be issued upon the exercise of ISOs and (4) the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards.
Corporate Transactions. In the event of certain specified significant corporate transactions, the plan administrator has the discretion to take any of the following actions with respect to stock awards:

- arrange for the assumption, continuation or substitution of a stock award by a surviving or acquiring entity or parent company;
- arrange for the assignment of any reacquisition or repurchase rights held by us to the surviving or acquiring entity or parent company;
- accelerate the vesting of the stock award and provide for its termination prior to the effective time of the corporate transaction;
- arrange for the lapse of any reacquisition or repurchase right held by us;
- cancel or arrange for the cancellation of the stock award in exchange for such cash consideration, if any, as our board of directors may deem appropriate; or
- make a payment equal to the excess of (1) the value of the property the participant would have received upon exercise of the stock award over (2) the exercise price or strike price otherwise payable in connection with the stock award.

Our plan administrator is not obligated to treat all stock awards, even those that are of the same type, in the same manner.

Under the 2019 Plan, a significant corporate transaction is generally the consummation of (1) a sale or other disposition of all or substantially all of our consolidated assets, (2) a sale or other disposition of at least 50% of our outstanding securities, (3) a merger, consolidation or similar transaction following which we are not the surviving corporation or (4) a merger, consolidation or similar transaction following which we are the surviving corporation but the shares of our common stock outstanding immediately prior to such transaction are converted or exchanged into other property by virtue of the transaction.

Change in Control. The plan administrator may provide, in an individual award agreement or in any other written agreement between a participant and us that the stock award will be subject to additional acceleration of vesting and exercisability or settlement in the event of a change in control. Under the 2019 Plan, a change in control is generally (1) the acquisition by a person or entity of more than 50% of our combined voting power other than by merger, consolidation or similar transaction following which we are not the surviving corporation or (2) a consummated merger, consolidation or similar transaction immediately after which our stockholders do not own more than 50% of the combined voting power of the surviving entity (or its parent company), (3) a consummated sale, lease or exclusive license or other disposition of all or substantially all of our consolidated assets and (4) certain dissolutions, liquidations and changes in the board of directors.

Amendment and Termination. Our board of directors has the authority to amend, suspend or terminate our 2019 Plan, provided that such action does not materially impair the existing rights of any participant without such participant’s written consent and provided further that certain types of amendments will require the approval of our stockholders. No ISOs may be granted after the tenth anniversary of the date our board of directors adopts our 2019 Plan.

2019 Employee Stock Purchase Plan

Our board of directors adopted the ESPP in and our stockholders approved the ESPP in . The ESPP will become effective immediately prior to and contingent upon the date of the underwriting agreement related to this offering. The purpose of the ESPP is to secure the services of new
employees, to retain the services of existing employees and to provide incentives for such individuals to exert maximum efforts toward our success and that of our affiliates. The ESPP is intended to qualify as an “employee stock purchase plan” within the meaning of Section 423 of the Code.

*Share Reserve.* Following this offering, the ESPP will authorize the issuance of shares of our common stock pursuant to purchase rights granted to our employees or to employees of any of our designated affiliates. The number of shares of our common stock reserved for issuance will automatically increase on January 1 of each calendar year, from January 1, 2020 (assuming the ESPP becomes effective in 2019) through January 1, 2029, by the lesser of (1) % of the total number of shares of our common stock outstanding on December 31 of the preceding calendar year, and (2) shares; provided, that prior to the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (1) and (2).

*Administration.* Our board of directors intends to delegate concurrent authority to administer the ESPP to our compensation committee. The ESPP is implemented through a series of offerings under which eligible employees are granted purchase rights to purchase shares of our common stock on specified dates during such offerings. Under the ESPP, we may specify offerings with durations of not more than 27 months and may specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of our common stock will be purchased for employees participating in the offering. An offering under the ESPP may be terminated under certain circumstances.

*Payroll Deductions.* Generally, all regular employees, including executive officers, employed by us or by any of our designated affiliates, may participate in the ESPP and may contribute, normally through payroll deductions, up to 15% of their earnings (as defined in the ESPP) for the purchase of our common stock under the ESPP. Unless otherwise determined by our board of directors, common stock will be purchased for the accounts of employees participating in the ESPP at a price per share equal to the lower of (a) 85% of the fair market value of a share of our common stock on the first trading date of an offering or (b) 85% of the fair market value of a share of our common stock on the date of purchase.

*Limitations.* Employees may have to satisfy one or more of the following service requirements before participating in the ESPP, as determined by our board of directors, including: (1) being customarily employed for more than 20 hours per week; (2) being customarily employed for more than five months per calendar year; or (3) continuous employment with us or one of our affiliates for a period of time (not to exceed two years). No employee may purchase shares under the ESPP at a rate in excess of $25,000 worth of our common stock based on the fair market value per share of our common stock at the beginning of an offering for each year such a purchase right is outstanding. Finally, no employee will be eligible for the grant of any purchase rights under the ESPP if immediately after such rights are granted, such employee has voting power over 5% or more of our outstanding capital stock measured by vote or value pursuant to Section 424(d) of the Code.

*Changes to Capital Structure.* If there occurs a change in our capital structure through such actions as a stock split, merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or similar transaction, the board of directors will make appropriate adjustments to (1) the number of shares reserved under the ESPP, (2) the maximum number of shares by which the share reserve may increase automatically each year, (3) the number of shares and purchase price of all outstanding purchase rights and (4) the number of shares that are subject to purchase limits under ongoing offerings.

*Corporate Transactions.* In the event of certain significant corporate transactions, including (1) a sale of all or substantially all of our assets, (2) the sale or disposition of 50% of our outstanding securities, (3) the consummation of a merger or consolidation where we do not survive the transactions and (4) the consummation of a merger or consolidation where we do survive the transaction but the shares of our common stock outstanding
immediately prior to such transaction are converted or exchanged into other property by virtue of the transaction, any then-outstanding rights to purchase our stock under the ESPP may be assumed, continued or substituted for by any surviving or acquiring entity (or its parent company). If the surviving or acquiring entity (or its parent company) elects not to assume, continue or substitute for such purchase rights, then the participants’ accumulated payroll contributions will be used to purchase shares of our common stock within ten business days prior to such corporate transaction, and such purchase rights will terminate immediately.

**ESPP Amendments, Termination.** Our board of directors has the authority to amend or terminate our ESPP, provided that except in certain circumstances such amendment or termination may not materially impair any outstanding purchase rights without the holder’s consent. We will obtain stockholder approval of any amendment to our ESPP, as required by applicable law or listing requirements.

**2015 Stock Plan**

Our board of directors adopted and our stockholders approved our 2015 Plan in April 2015. Our 2015 Plan has been periodically amended, most recently in December 2018. Our 2015 Plan will be terminated prior to the closing of this offering, and thereafter we will not grant any additional awards under our 2015 Plan. However, our 2015 Plan will continue to govern the terms and conditions of the outstanding awards previously granted thereunder.

As of March 31, 2019, stock options covering 5,829,091 shares of our common stock with a weighted-average exercise price of $0.83 per share were outstanding, and 3,243,269 shares of our common stock remained available for the future grant of awards under our 2015 Plan. Any shares of our common stock remaining available for issuance under our 2015 Plan when our 2019 Plan becomes effective will become available for issuance under our 2019 Plan. In addition, after the effective date of our 2019 Plan, any shares subject to options granted under our 2015 Plan that expire or terminate prior to exercise or are withheld to satisfy tax withholding obligations related to the option or the exercise price of the option, will be added to the number of shares then available for issuance under our 2019 Plan.

**Administration.** Our board of directors or a committee delegated by our board of directors administers our 2015 Plan. Subject to the terms of our 2015 Plan, the administrator has the authority and discretion to take any actions it deems necessary or advisable for the administration of our 2015 Plan, including modifying outstanding options or cancelling outstanding options in return for a new option or a different type of award for the same or a different number of shares and at the same or a different exercise price (if applicable).

**Options.** The exercise price per share of all options granted under our 2015 Plan must be at least 100% of the fair market value per share of our common stock on the grant date. The term of an option may not exceed ten years. An incentive stock option to be granted to an employee who owns more than 10% of the total combined voting power of all classes of our stock or any of our parent or subsidiary corporations may not have a term exceeding five years and must have a per share exercise price of at least 110% of the fair market value per share of our common stock on the grant date. After the termination of service of an employee, director or consultant, he or she may exercise his or her option for the period of time stated in his or her option agreement. In the absence of a specified time in an option agreement, if termination is due to death or disability, the option will remain exercisable for twelve months or six months, respectively. In all other cases, in the absence of a specified time in an option agreement, the option will remain exercisable for three months following the termination of service. An option may not be exercised later than the expiration of its term. Subject to the provisions of our 2015 Plan, the administrator determines the other terms of options, including any vesting and exercisability requirements and the method of payment of the option exercise price.

**Changes to Capital Structure.** In the event there is a specified type of change in our capital structure, such as a subdivision, combination or consolidation of our outstanding stock, appropriate adjustments will be made to (i) the number and kind of shares available for issuance under our 2015 Plan and (ii) the number and kind of shares covered by and the exercise price of each outstanding option granted under our 2015 Plan.
Corporate Transactions. In the event we are a party to a merger or consolidation, or in the event of a sale of all or substantially all of our stock or assets, each outstanding option will be treated as our board of directors determines, which treatment may include one or more of the following:

- continuation, assumption, or substitution of the option by the surviving corporation or the parent of the surviving corporation;
- cancellation of the option and a payment to the optionholder with respect to each share subject to the vested portion of the option as of the transaction date equal to the excess of (i) the value, as determined by our board of directors, of the property (including cash) received by the holder of a share of our common stock as a result of the transaction over (ii) the per share exercise price of the option;
- cancellation of the option without the payment of any consideration, provided the optionholder must be notified of such treatment and given at least five business days preceding the effective date of the transaction to exercise his or her option to the extent vested (unless a shorter period is required to permit a timely closing of the transaction and such shorter period still offers the optionholder a reasonable opportunity to exercise his or her option);
- suspension of the optionholder’s right to exercise his or her option during a limited period of time preceding the closing of the transaction if such suspension is administratively necessary to permit the closing of the transaction;
- termination of any right the optionholder has to exercise the option prior to vesting in the shares subject to the option; or
- acceleration of the vesting and exercisability of the option.

Our board of directors is not obligated to treat all options in the same manner.

Plan Amendment or Termination. Our board of directors may amend, suspend or terminate our 2015 Plan at any time. To the extent required by applicable law, any amendment to our 2015 Plan will be subject to stockholder approval. The termination or amendment of our 2015 Plan may not affect any option previously granted under our 2015 Plan. As discussed above, we will terminate our 2015 Plan prior to the closing of this offering and no new awards will be granted thereunder following such termination.

401(k) Plan

We maintain a 401(k) plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax advantaged basis. Eligible employees are able to defer eligible compensation up to certain Code limits, which are updated annually. We have the ability to make matching and discretionary contributions to the 401(k) plan. Currently, we do not make matching contributions or discretionary contributions to the 401(k) plan. The 401(k) plan is intended to be qualified under Section 401(a) of the Code, with the related trust intended to be tax exempt under Section 501(a) of the Code. As a tax-qualified retirement plan, contributions to the 401(k) plan are deductible by us when made, and contributions and earnings on those amounts are not generally taxable to the employees until withdrawn or distributed from the 401(k) plan.

Limitations of Liability and Indemnification Matters

Upon the closing of this offering, our amended and restated certificate of incorporation will contain provisions that limit the liability of our current and former directors for monetary damages to the fullest extent
permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director’s duty of loyalty to the corporation or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation that will be in effect upon the closing of this offering will authorize us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our amended and restated bylaws that will be in effect on the closing of this offering will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws that will be in effect on the closing of this offering will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors and executive officers. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys’ fees, judgments, fines and settlement amounts incurred by any of these individuals in connection with any action, proceeding or investigation. We believe that these amended and restated certificate of incorporation and amended and restated bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors’ and officers’ liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder’s investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, executive officers or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our directors and executive officers, which are described elsewhere in this prospectus, below we describe transactions since January 1, 2016 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amounts involved exceed or will exceed $120,000; and
- any of our directors, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

Equity and other compensation, termination, change in control and other arrangements are described in the section titled “Executive compensation.” We also describe below certain other transactions with our directors, executive officers and stockholders.

Preferred Stock Financings

Series B Convertible Preferred Stock Financing

In April 2016, we issued and sold to investors in a private placement 25,000,000 shares of our Series B convertible preferred stock at a price per share of $2.00, for aggregate consideration of $50 million. Each share of Series B convertible preferred stock will automatically convert into one share of our common stock upon completion of this offering.

The following table summarizes the Series B convertible preferred stock purchased by directors, executive officers, beneficial owners of more than 5% of our capital stock (on an as-converted basis) or any member of the immediate family of any of the foregoing persons.

<table>
<thead>
<tr>
<th>Participants</th>
<th>Series B preferred stock</th>
<th>Total purchase price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entities affiliated with Topspin Fund, LP (2)</td>
<td>9,850,000</td>
<td>$ 19,700,000</td>
</tr>
<tr>
<td>Entities affiliated with The Column Group, LLC (3)</td>
<td>7,000,000</td>
<td>$ 14,000,000</td>
</tr>
<tr>
<td>The Regents of the University of California</td>
<td>5,000,000</td>
<td>$ 10,000,000</td>
</tr>
<tr>
<td>KPCB Holdings, Inc., as nominee</td>
<td>1,000,000</td>
<td>$ 2,000,000</td>
</tr>
<tr>
<td>The Wong Family Trust Dated February 4, 2008 (4)</td>
<td>150,000</td>
<td>$ 300,000</td>
</tr>
<tr>
<td>Rieflin Family Trust u/a dtd 4/3/00, William J. Rieflin and Prudence H. Rieflin, Trustees (5)</td>
<td>100,000</td>
<td>$ 200,000</td>
</tr>
</tbody>
</table>

(1) Additional details regarding these stockholders and their equity holdings are provided in this prospectus under the caption “Principal Stockholders.”

(2) Entities affiliated with Topspin Fund, LP holding our securities whose shares are aggregated for purposes of reporting share ownership information include Topspin Fund, LP and Topspin Biotech Fund II, LP.

(3) Entities affiliated with The Column Group, LLC holding our securities whose shares are aggregated for purposes of reporting share ownership information include The Column Group, LP and The Column Group II. David V. Goeddel, a member of our board of directors, is a Managing Partner at The Column Group, LLC.

(4) Brian Wong, our President and Chief Executive Officer and a member of our board of directors, is a trustee of The Wong Family Trust Dated February 4, 2008.

(5) William Rieflin, a member of our board of directors, is a trustee of Rieflin Family Trust u/a dtd 4/3/00, William J. Rieflin and Prudence H. Rieflin, Trustees.
**Series C Convertible Preferred Stock Financing**

In December 2017, we issued and sold to investors in a private placement 13,054,679 shares of our Series C convertible preferred stock at a purchase price of $2.2925 per share for aggregate gross proceeds of approximately $30 million. In June 2018, we sold an additional 13,054,684 shares of Series C convertible preferred stock at a purchase price of $2.2925 per share for aggregate gross proceeds of approximately $30 million. Each share of Series C convertible preferred stock will automatically convert into one share of our common stock upon completion of this offering.

The following table summarizes the Series C convertible preferred stock purchased by directors, executive officers, beneficial owners of more than 5% of our capital stock (on an as-converted basis) or any member of the immediate family of any of the foregoing persons.

<table>
<thead>
<tr>
<th>Participants</th>
<th>Series C preferred stock</th>
<th>Total purchase price</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% or greater stockholders and directors(1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entities affiliated with The Column Group, LLC(2)</td>
<td>13,086,150</td>
<td>$ 30,000,000</td>
</tr>
<tr>
<td>Entities affiliated with Topspin Fund, LP(3)</td>
<td>2,181,025</td>
<td>$ 5,000,000</td>
</tr>
<tr>
<td>KPCB Holdings, Inc., as nominee</td>
<td>2,181,025</td>
<td>$ 5,000,000</td>
</tr>
<tr>
<td>The Regents of the University of California</td>
<td>2,085,500</td>
<td>$ 4,781,009</td>
</tr>
</tbody>
</table>

(1) Additional details regarding these stockholders and their equity holdings are provided in this prospectus under the caption “Principal Stockholders.”

(2) Entities affiliated with The Column Group, LLC holding our securities whose shares are aggregated for purposes of reporting share ownership information include The Column Group, LP, The Column Group II, LP, Ponoi Capital, LP and Ponoi Capital II, LP. David V. Goeddel, a member of our board of directors, is a Managing Partner at The Column Group, LLC and a managing member of Ponoi Management, LLC, general partner of Ponoi Capital, LP, and a managing member of Ponoi II Management, LLC, general partner of Ponoi Capital II, LP.

(3) Entities affiliated with Topspin Fund, LP holding our securities whose shares are aggregated for purposes of reporting share ownership information include Topspin Fund, LP and Topspin Biotech Fund II, LP.

**Series C-2 Convertible Preferred Stock Financing**

In December 2018, we issued and sold to investors in a private placement 9,873,412 shares of our Series C-2 convertible preferred stock at a purchase price of $2.2925 per share for aggregate gross proceeds of approximately $22.6 million. Between January 2019 and June 2019, we sold additional 6,311,445 shares of Series C-2 convertible preferred stock at a purchase price of $2.2925 per share for aggregate gross proceeds of approximately $14.4 million. Each share of Series C-2 convertible preferred stock will automatically convert into one share of our common stock upon completion of this offering.

The following table summarizes the Series C-2 convertible preferred stock purchased by directors, executive officers, beneficial owners of more than 5% of our capital stock (on an as-converted basis) or any member of the immediate family of any of the foregoing persons.

<table>
<thead>
<tr>
<th>Participants</th>
<th>Series C-2 preferred stock</th>
<th>Total purchase price</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% or greater stockholders and directors(1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Regents of the University of California</td>
<td>967,935</td>
<td>$ 2,218,991</td>
</tr>
<tr>
<td>KPCB Holdings, Inc., as nominee</td>
<td>872,410</td>
<td>$ 2,000,000</td>
</tr>
<tr>
<td>Entities affiliated with The Column Group, LLC(2)</td>
<td>1,744,820</td>
<td>$ 4,000,000</td>
</tr>
</tbody>
</table>

(1) Additional details regarding these stockholders and their equity holdings are provided in this prospectus under the caption “Principal Stockholders.”
Entities affiliated with The Column Group, LLC holding our securities whose shares are aggregated for purposes of reporting share ownership information include The Column Group, LP, The Column Group II, LP, Ponoi Capital, LP and Ponoi Capital II, LP. David V. Goeddel, a member of our board of directors, is a Managing Partner at The Column Group, LLC and a managing member of Ponoi Management, LLC, general partner of Ponoi Capital, LP, and a managing member of Ponoi II Management, LLC, general partner of Ponoi Capital II, LP.

Investor Rights Agreement

We are party to an amended and restated investor rights agreement (“IRA”) with certain holders of our capital stock, including the holders of more than 5% of our outstanding capital stock, such as entities affiliated with KPCB Holdings, Inc., as nominee, entities affiliated with The Column Group, LLC, entities affiliated with Topspin Fund, LP, and The Regents of the University of California. The IRA provides the holders of our convertible preferred stock with certain registration rights, including the right to demand that we file a registration statement or request that their shares be covered by a registration statement that we are otherwise filing. The IRA also provides these stockholders with information rights, which will terminate on the closing of this offering, and a right of first refusal with regard to certain issuances of our capital stock, which will not apply to the shares issued pursuant to this offering and which will terminate on the closing of this offering. In connection with this offering, the holders of up to 101,531,788 shares of our common stock issuable on conversion of outstanding preferred stock, will be entitled to rights with respect to the registration of their shares under the Securities Act under this agreement. For a description of these registration rights, see the section titled “Description of Capital Stock—Registration Rights.”

Voting Agreement

We are party to an amended and restated voting agreement under which certain holders of our capital stock, including the holders of more than 5% of our outstanding capital stock, such as entities affiliated with KPCB Holdings, Inc., as nominee, entities affiliated with The Column Group, LLC, entities affiliated with Topspin Fund, LP, and The Regents of the University of California, have agreed as to the manner in which they will vote their shares of our capital stock on certain matters, including with respect to the election of directors. Upon the closing of this offering, the amended and restated voting agreement will terminate, and none of our stockholders will have any special rights regarding the election or designation of members of our board of directors.

Indemnification Agreements

Our amended and restated certificate of incorporation that will be in effect upon the closing of this offering will contain provisions limiting the liability of directors, and our amended and restated bylaws that will be in effect on the closing of this offering will provide that we will indemnify each of our directors and officers to the fullest extent permitted under Delaware law. Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon the closing of this offering will also provide our board of directors with discretion to indemnify our employees and other agents when determined appropriate by the board.

In addition, we have entered into an indemnification agreement with each of our directors and executive officers, which requires us to indemnify them. For more information regarding these agreements, see the section titled “Executive Compensation—Limitations of Liability and Indemnification Matters.”

Stock Option Grants to Directors and Executive Officers

We have granted stock options to our directors and executive officers, as more fully described in the section titled “Executive Compensation.”
Executive Loans

In August 2015, we loaned Dr. Wong, our President and Chief Executive Officer, $336,600 in connection with his exercise of options to purchase 1,980,000 shares of our common stock. The loan was evidenced by a limited recourse promissory note, which accrued interest at the rate of 1.82% per annum and was secured by a pledge of such exercised shares. In June 2019, the Company forgave $353,951, which was the entire amount of principal and accrued interest due on the note, from Dr. Wong.

In June 2016, we loaned Ms. Hemrajani, our then Chief Operating Officer, $255,000 in connection with her exercise of options to purchase 750,000 shares of our common stock. The loan was evidenced by a limited recourse promissory note, which accrued interest at the rate of 1.41% per annum and was secured by a pledge of such exercised shares. $17,000 of the note was repaid in connection with our repurchase of 50,000 shares of common stock from her trust in February 2018, and an additional $109,437.84 of the note was repaid in connection with our repurchase of 321,876 shares of common stock from her trust in March 2019. In April 2019, we and Ms. Hemrajani agreed that the remaining principal and outstanding interest of the note, which was $133,567 as of March 19, 2019 after reducing accrued interest amount by $4,669, would be repaid by May 3, 2019 with (i) $73,005 to be paid in cash and (ii) 178,124 shares of common stock to be returned to us from her trust. The outstanding principal and interest of the note was extinguished in May 2019, as agreed between the parties.

Policies and Procedures for Related Person Transactions

Prior to the closing of this offering, our board of directors will adopt a related person transaction policy setting forth the policies and procedures for the identification, review and approval or ratification of related person transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we and a related person were or will be participants and the amount involved exceeds $120,000, including purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness and guarantees of indebtedness. In reviewing and approving any such transactions, our audit committee will consider all relevant facts and circumstances as appropriate, such as the purpose of the transaction, the availability of other sources of comparable products or services, whether the transaction is on terms comparable to those that could be obtained in an arm’s length transaction, management’s recommendation with respect to the proposed related person transaction, and the extent of the related person’s interest in the transaction.
PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our capital stock as of April 8, 2019, as adjusted to reflect the sale of our common stock offered by us in this offering assuming no exercise of the underwriters’ option to purchase additional shares, for:

• each of our named executive officers;

• each of our directors;

• all of our executive officers and directors as a group; and

• each person or group of affiliated persons known by us to beneficially own more than 5% of our common stock.

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

Applicable percentage ownership before the offering is based on 106,503,123 shares of common stock outstanding as of April 8, 2019, assuming the automatic conversion of all outstanding shares of our convertible preferred stock into shares of common stock upon the closing of this offering. Applicable percentage ownership after the offering is based on shares of common stock outstanding immediately after the closing of this offering, assuming no exercise by the underwriters of their over-allotment option. In computing the number of shares beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares subject to options held by the person that are currently exercisable, or exercisable within 60 days of April 8, 2019. However, except as described above, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person.
Unless otherwise indicated, the address of each beneficial owner listed below is c/o RAPT Therapeutics, Inc., 561 Eccles Avenue, South San Francisco, California 94080. We believe, based on information provided to us, that each of the stockholders listed below has sole voting and investment power with respect to the shares beneficially owned by the stockholder unless noted otherwise, subject to community property laws where applicable.

<table>
<thead>
<tr>
<th>Name of Beneficial Owner</th>
<th>Shares Beneficially Owned Prior to Offering</th>
<th>Shares Beneficially Owned After Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
</tr>
<tr>
<td><strong>5% Stockholders</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entities affiliated with The Column Group, LLC(1)</td>
<td>36,912,933</td>
<td>34.7%</td>
</tr>
<tr>
<td>KPCB Holdings, Inc., as nominee(2)</td>
<td>21,282,391</td>
<td>20.0%</td>
</tr>
<tr>
<td>Entities affiliated with Topspin Fund, LP(3)</td>
<td>12,962,236</td>
<td>12.2%</td>
</tr>
<tr>
<td>The Regents of the University of California(4)</td>
<td>8,053,435</td>
<td>7.6%</td>
</tr>
<tr>
<td><strong>Directors and Named Executive Officers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brian Wong(5)</td>
<td>2,917,500</td>
<td>2.7%</td>
</tr>
<tr>
<td>Rekha Hemrajani(6)</td>
<td>407,290</td>
<td>*</td>
</tr>
<tr>
<td>William Ho(7)</td>
<td>399,262</td>
<td>*</td>
</tr>
<tr>
<td>David V. Goeddel(1)</td>
<td>36,912,933</td>
<td>34.7%</td>
</tr>
<tr>
<td>Linda Kozick(8)</td>
<td>69,791</td>
<td>*</td>
</tr>
<tr>
<td>Michael F. Giordano(9)</td>
<td>33,333</td>
<td>*</td>
</tr>
<tr>
<td>William Rieflin(10)</td>
<td>487,427</td>
<td>*</td>
</tr>
<tr>
<td>All directors and executive officers as a group (8 persons)(11)</td>
<td>41,393,994</td>
<td>38.45%</td>
</tr>
</tbody>
</table>

* Represents beneficial ownership of less than 1%.

(1) Consists of (i) 300,000 shares held of record by The Column Group II Management, LP, (ii) 26,144,013 shares held of record by The Column Group II, LP, (iii) 872,410 shares held of record by Ponoi Capital II, LP, and (iv) 9,596,510 shares held of record by Ponoi Capital, LP. David Goeddel is a Managing Partner of The Column Group, LLC, which is the general partner of The Column Group II GP, LP, which is the general partner of The Column Group II, LP. Dr. Goeddel is also a managing member of The Column Group II Management, LP. Dr. Goeddel is also a managing member of Ponoi Management, LLC, general partner of Ponoi Capital, LP, and a managing member of Ponoi II Management, LLC, general partner of Ponoi Capital II, LP. Dr. Goeddel may be deemed to share voting and investment power with respect to the shares reported herein and disclaims beneficial ownership of the shares except to the extent of his pecuniary interests therein. The address for the entities listed herein is 1700 Owens Street, Suite 500, San Francisco, CA 94158.

(2) The shares held for convenience in the name of KPCB Holdings, Inc., as nominee for the accounts of the following entities as follows: 20,665,202 shares held for the account of Kleiner Perkins Caufield & Byers XV, LLC (“KPCB XV”) and 617,189 shares held for the account of KPCB XV Founders Fund, LLC (“KPCB XV FF”). The managing member of KPCB XV and KPCB XV FF is KPCB XV Associates, LLC (“KPCB XV Associates”). Beth Seidenberg, L. John Doerr, Randy Komisar, Theodore E. Schlein, Wen Hsieh and William “Bing” Gordon, the managing members of KPCB XV Associates, exercise shared voting and dispositive control over the shares held by KPCB Holdings, Inc. as nominee for the accounts of KPCB XV and KPCB XV FF. The address for KPCB Holdings, Inc., as nominee, is 2750 Sand Hill Road, Menlo Park, CA 94025.

(3) Consists of (i) 9,850,000 shares held of record by Topspin Biotech Fund II, LP, and (ii) 3,112,236 shares held of record by Topspin Fund, LP. LG Management, LLC, the general partner of Topspin Fund, LP and Topspin Biotech Fund II, LP, may be deemed to have shared voting control and investment discretion over the shares of common stock held by Topspin Fund, LP and Topspin Biotech Fund II, LP. The address for each entity is 3 Expressway Plaza, Roslyn Heights, NY 11577.
Dr. Goeddel disclaims beneficial ownership of the shares except to the extent of his pecuniary interests therein. The address for each entity is 1700 Owens Street, Suite 500, San Francisco, CA 94158.

(4) The address for The Regents of the University of California is 1111 Broadway Avenue, Oakland, CA 94607.

(5) Consists of (i) 50,000 shares held by Dr. Wong, (ii) 2,130,000 shares held by The Wong Family Trust Dated February 4, 2008, for which Dr. Wong is a trustee (of which 123,750 shares were issued pursuant to options that were early exercised and are subject to repurchase within 60 days of April 8, 2019), and (iii) 737,500 shares issuable pursuant to stock options exercisable within 60 days of April 8, 2019.

(6) Consists of (i) 378,124 shares held by The Sanjay Popli & Rekha Hemrajani Revocable Living Trust, for which Ms. Hemrajani is a trustee, and (ii) 29,166 shares issuable pursuant to stock options exercisable within 60 days of April 8, 2019.

(7) Consists of (i) 315,000 shares held by Dr. Ho (of which 1,667 shares were issued pursuant to options that were early exercised and are subject to repurchase within 60 days of April 8, 2019), and (ii) 84,262 shares issuable pursuant to stock options exercisable within 60 days of April 8, 2019.

(8) Consists of 69,791 shares issuable pursuant to stock options exercisable within 60 days of April 8, 2019.

(9) Consists of 33,333 shares issuable pursuant to stock options exercisable within 60 days of April 8, 2019.

(10) Consists of (i) 460,344 shares held by Rieflin Family Trust u/a dtd 4/3/00, William J. Rieflin and Prudence H. Rieflin, Trustees, for which Mr. Rieflin is co-Trustee, and (ii) 27,083 shares issuable pursuant to stock options exercisable within 60 days of April 8, 2019.

(11) Consists of (i) 61,733,792 shares beneficially owned by our directors (or their affiliated entities) and executive officers and (ii) 1,450,304 shares issuable pursuant to stock options exercisable within 60 days of April 8, 2019.
DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of the rights of our common and preferred stock and some of the provisions of our amended and restated certificate of incorporation and amended and restated bylaws, which will each become effective upon the closing of this offering, our investor rights agreement and relevant provisions of the Delaware General Corporation Law (“DGCL”). The descriptions herein are qualified in their entirety by our amended and restated certificate of incorporation, amended and restated bylaws and investor rights agreement, copies of which have been filed as exhibits to the registration statement of which this prospectus is a part, as well as the relevant provisions of the DGCL.

Upon the closing of this offering and the filing of our amended and restated certificate of incorporation, our authorized capital stock will consist of:

• shares are designated as common stock; and
• shares are designated as preferred stock.

Common Stock

As of March 31, 2019, there were 106,502,756 shares of our common stock outstanding and held of record by 129 stockholders, assuming the automatic conversion of all outstanding shares of our convertible preferred stock into shares of common stock, which will automatically occur immediately prior to the closing of this offering.

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders, including the election of directors, and do not have cumulative voting rights. Accordingly, the holders of a majority of the outstanding shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they so choose, other than any directors that holders of any preferred stock we may issue may be entitled to elect. Subject to preferences that may be applicable to any then outstanding preferred stock, holders of common stock are entitled to receive ratably those dividends, if any, as may be declared by the board of directors out of legally available funds. In the event of our liquidation, dissolution or winding up, the holders of common stock will be entitled to share ratably in the assets legally available for distribution to stockholders after the payment of or provision for all of our debts and other liabilities, subject to the prior rights of any preferred stock then outstanding. Holders of common stock have no preemptive or conversion rights or other subscription rights and there are no redemption or sinking funds provisions applicable to the common stock. All outstanding shares of common stock are, and the common stock to be outstanding upon the closing of this offering will be, duly authorized, validly issued, fully paid and nonassessable. All authorized but unissued shares of our common stock will be available for issuance by our board of directors without any further stockholder action, except as required by the listing standards of Nasdaq. The rights, preferences and privileges of holders of common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Preferred Stock

As of March 31, 2019, there were 101,531,788 shares of convertible preferred stock outstanding. Immediately upon the closing of this offering, each outstanding share of convertible preferred stock will automatically convert into one share of common stock, and no shares of preferred stock will be outstanding.

Upon the closing of this offering, our board of directors may, without further action by our stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of shares of convertible stock.
preferred stock in one or more series and authorize their issuance. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our common stock. The issuance of our convertible preferred stock could adversely affect the voting power of holders of our common stock, and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control or other corporate action.

Options

As of March 31, 2019, we had outstanding options under our equity compensation plans to purchase an aggregate of 5,829,091 shares of our common stock with a weighted-average exercise price of $0.83 per share.

Registration Rights

We are party to an amended and restated investor rights agreement that provides that certain stockholders, including certain holders of common stock issuable upon the conversion of our convertible preferred stock, including certain holders of at least 5% of our outstanding capital stock, have certain registration rights as set forth below. The registration of shares of our common stock by the exercise of registration rights described below would enable the holders to sell these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts and commissions, of the shares registered pursuant to the demand, piggyback and Form S-3 registration rights described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. The demand, piggyback and Form S-3 registration rights described below will expire three years after the closing of this offering, of which this prospectus is a part, or with respect to any particular stockholder, such time after the closing of this offering that such stockholder holds less than 1% of our outstanding common stock (including all shares of preferred stock on an as-converted basis) and such stockholder can sell all of its shares entitled to registration rights under Rule 144 of the Securities Act during any 90-day period.

Demand Registration Rights

The holders of an aggregate of 101,531,788 shares of our common stock as of March 31, 2019, including shares of common stock issuable upon the conversion of our convertible preferred stock, will be entitled to certain demand registration rights. At any time beginning the six months after the effective date of this offering, the holders of at least 30% of these shares may request that we register all or a portion of their shares. We are obligated to effect only two such registrations. Such request for registration must cover shares with an anticipated aggregate offering price, net of underwriting discounts and commissions, of at least $20 million.

Piggyback Registration Rights

In connection with this offering, the holders of an aggregate of 101,531,788 shares of our common stock as of March 31, 2019, including shares of common stock issuable upon the conversion of our convertible preferred stock, were entitled to, and the necessary percentage of holders waived, their rights to notice of this offering and to include their shares of registrable securities in this offering. After this offering, in the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, the holders of these shares will be entitled to certain piggyback registration rights allowing the holders to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (i) a registration statement relating to any employee benefit plans, (ii) a registration relating to a
corporate reorganization or other Rule 145 transaction, (iii) a registration relating to stock issued upon conversion of debt securities, or (iv) a registration on any registration form that does not permit secondary sales, the holders of these shares are entitled to notice of the registration and have the right to include their shares in the registration, subject to limitations that the underwriters may impose on the number of shares included in the offering.

**Form S-3 Registration Rights**

The holders of an aggregate of 101,531,788 shares of common stock as of March 31, 2019, including shares of common stock issuable upon the conversion of our convertible preferred stock, will be entitled to certain Form S-3 registration rights. The holders of these shares can make a request that we register their shares on Form S-3 if we are qualified to file a registration statement on Form S-3 and if the reasonably anticipated aggregate gross proceeds of the shares offered would equal or exceed $5 million. We will not be required to effect more than two registrations on Form S-3 within any 12-month period.

**Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws**

Some provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws contain or will contain provisions that could make the following transactions more difficult: an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions which provide for payment of a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

**Stockholder Meetings**

Our amended and restated bylaws will provide that a special meeting of stockholders may be called only by our chair of the board, chief executive officer or president, or by a resolution adopted by a majority of our board of directors.

**Requirements for Advance Notification of Stockholder Nominations and Proposals**

Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

**Elimination of Stockholder Action by Written Consent**

Our amended and restated certificate of incorporation and amended and restated bylaws will eliminate the right of stockholders to act by written consent without a meeting.

**Staggered Board**

Our board of directors will be divided into three classes. The directors in each class will serve for a three-year term, one class being elected each year by our stockholders. For more information on the classified
board, see “Management—Board Composition and Election of Directors.” This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

**Removal of Directors**

Our amended and restated certificate of incorporation will provide that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of not less than two thirds of the total voting power of all of our outstanding voting stock then entitled to vote in the election of directors.

**Stockholders Not Entitled to Cumulative Voting**

Our amended and restated certificate of incorporation will not permit stockholders to cumulate their votes in the election of directors. Accordingly, the holders of a majority of the outstanding shares of our common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they choose, other than any directors that holders of our preferred stock may be entitled to elect.

**Delaware Anti-Takeover Statute**

We are subject to Section 203 of the DGCL, which prohibits persons deemed to be “interested stockholders” from engaging in a “business combination” with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an “interested stockholder” is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation’s voting stock. Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors.

**Choice of Forum**

Our amended and restated certificate of incorporation to be in effect upon the completion of this offering will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a breach of fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders; (3) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provisions of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or (4) any action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. These provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act or the rules and regulations thereunder. However, these provisions apply to Securities Act claims and Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce a duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such provisions, and our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

Our amended and restated certificate of incorporation to be in effect upon the completion of this offering will further provide 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, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.
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 the exclusive-forum provisions in our amended and restated certificate of incorporation that will be in effect upon the closing of this offering to be inapplicable or unenforceable, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business. For example, the Court of Chancery of the State of Delaware recently determined that a provision stating that U.S. federal district courts are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act is not enforceable. However, this decision may be reviewed and ultimately overturned by the Delaware Supreme Court. If the Court of Chancery’s decision were to be overturned, we would seek to enforce the federal district court exclusive forum provision in our amended and restated certificate of incorporation.

Amendment of Charter Provisions

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue preferred stock, would require approval by holders of at least two-thirds of the total voting power of all of our outstanding voting stock.

The provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock upon the closing of this offering will be American Stock Transfer & Trust Company, LLC.

Exchange Listing

Our common stock is currently not listed on any securities exchange. We have applied to have our common stock listed on the Nasdaq Global Market (“Nasdaq”), under the symbol “RAPT.”
SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. Future sales of substantial amounts of common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our common stock. Although we have applied to have our common stock listed on Nasdaq, we cannot assure you that there will be an active public market for our common stock.

Following the closing of this offering, based on the number of shares of our common stock outstanding as of March 31, 2019 and assuming (1) the issuance of shares of common stock in this offering, (2) the conversion of all outstanding shares of our convertible preferred stock into shares of our common stock, which will automatically occur immediately prior to the closing of the offering, and (3) no exercise of the underwriters’ over-allotment option, we will have an aggregate of approximately

Of these shares, all shares of common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares of common stock purchased by our “affiliates,” as that term is defined in Rule 144 under the Securities Act or any shares subject to lock-up agreements. Shares purchased by our affiliates would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The remaining shares of common stock outstanding after this offering will be “restricted securities,” as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, each of which is summarized below. We expect that all of these shares will be subject to a 180-day lock-up period under the lock-up and market stand-off agreements described below.

We may issue shares of common stock from time to time as consideration for future acquisitions, investments or other corporate purposes. In the event any such acquisition, investment or other transaction is significant, the number of shares of common stock that we may issue may also be significant. We may also grant registration rights covering those shares of common stock issued in connection with any such acquisition, investment or other transaction.

In addition, shares of common stock that are either subject to outstanding options or warrants or reserved for future issuance under our equity incentive plans will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements described below and Rules 144 and 701 under the Securities Act.

Lock-Up Agreements

We, along with our directors, executive officers and substantially all of our other stockholders and optionholders, have agreed with the underwriters that for a period of 180 days after the date of this prospectus, subject to specified exceptions as detailed further in “Underwriters” below, we or they will not, except with the prior written consent of the representatives, offer, pledge, sell or contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right or warrant to purchase; or otherwise dispose of or transfer any shares of our common stock or any securities convertible into or exercisable for shares of our common stock; request or demand that we file or make a confidential submission of a registration statement related to our common stock; or enter into any swap or other agreement or transaction that transfers to another, in whole or in part, directly or indirectly, the economic consequence of ownership of our common stock. All of our stockholders are subject to a market stand-off agreement with us which imposes similar restrictions.

Upon expiration of the lock-up period, certain of our stockholders will have the right to require us to register their shares under the Securities Act. See “—Registration Rights” below and “Description of Capital Stock—Registration Rights.”
Upon the expiration of the lock-up period, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above.

**Rule 144**

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, an eligible stockholder is entitled to sell such shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. To be an eligible stockholder under Rule 144, such stockholder must not be deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and must have beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144, subject to the expiration of the lock-up agreements described above.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell shares on expiration of the lock-up agreements described above. Beginning 90 days after the date of this prospectus, within any three-month period, such stockholders may sell a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately [shares] immediately after this offering; or
- the average weekly trading volume in our common stock on Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

**Rule 701**

Rule 701 generally allows a stockholder who was issued shares under a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days, to sell these shares in reliance on Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares under Rule 701, subject to the expiration of the lock-up agreements described above.

**Form S-8 Registration Statement**

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of common stock subject to outstanding stock options and common stock issued or issuable under the 2015 Plan, the 2019 Plan and the ESPP. We expect to file the registration statement covering shares offered pursuant to these stock plans shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144.
Registration Rights

As of March 31, 2019, holders of up to 106,502,756 shares of our common stock, which includes all of the shares of common stock issuable upon the automatic conversion of our convertible preferred stock immediately prior to the closing of this offering, or their transferees, will be entitled to various rights with respect to the registration of these shares under the Securities Act upon the closing of this offering and the expiration of lock-up agreements. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. See "Description of Capital Stock—Registration Rights" for additional information. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of the lock-up agreement.
The following summary describes the material U.S. federal income tax consequences of the acquisition, ownership and disposition of our common stock acquired in this offering by Non-U.S. Holders (as defined below). This discussion is not a complete analysis of all potential U.S. federal income tax consequences relating thereto, and does not deal with foreign, state and local consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances, nor does it address U.S. federal tax consequences (such as gift and estate taxes) other than income taxes. Special rules different from those described below may apply to certain Non-U.S. Holders that are subject to special treatment under the Internal Revenue Code of 1986, as amended (the “Code”), such as financial institutions, insurance companies, tax-exempt organizations, broker-dealers and traders in securities, U.S. expatriates, “controlled foreign corporations,” “passive foreign investment companies,” corporations that accumulate earnings to avoid U.S. federal income tax, corporations organized outside of the United States, any state thereof or the District of Columbia that are nonetheless treated as U.S. taxpayers for U.S. federal income tax purposes, persons that hold our common stock as part of a “straddle,” “hedge,” “conversion transaction,” “synthetic security” or integrated investment or other risk reduction strategy, persons who acquire our common stock through the exercise of an option or otherwise as compensation, persons subject to the alternative minimum tax or federal Medicare contribution tax on net investment income, persons subject to special tax accounting rules under Section 451(b) of the Code, “qualified foreign pension funds” as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds, partnerships and other pass-through entities or arrangements, and investors in such pass-through entities or arrangements. Such Non-U.S. Holders are urged to consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them. Furthermore, the discussion below is based upon the provisions of the Code, and Treasury Regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the U.S. Internal Revenue Service (the “IRS”) with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions. This discussion assumes that the Non-U.S. Holder holds our common stock as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment).

This discussion is for informational purposes only and is not tax advice. Persons considering the purchase of our common stock pursuant to this offering should consult their own tax advisors concerning the U.S. federal income, estate and other tax consequences of acquiring, owning and disposing of our common stock in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction, including any state, local or foreign tax consequences.

For the purposes of this discussion, a “Non-U.S. Holder” is, for U.S. federal income tax purposes, a beneficial owner of common stock that is neither a U.S. Holder, nor a partnership (or other entity treated as a partnership for U.S. federal income tax purposes regardless of its place of organization or formation). A “U.S. Holder” means a beneficial owner of our common stock that is for U.S. federal income tax purposes any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the U.S., any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the U.S. and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.
Distributions

Distributions, if any, made on our common stock to a Non-U.S. Holder to the extent made out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles) generally will constitute dividends for U.S. tax purposes and will be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, subject to the discussions below regarding effectively connected income, backup withholding and foreign accounts. To obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder generally will be required to provide us or our paying agent with a properly executed IRS Form W-8BEN (in the case of individuals) or IRS Form W-8BEN-E (in the case of entities), or other appropriate form, certifying the Non-U.S. Holder’s entitlement to benefits under that treaty. This certification must be provided to us or our paying agent prior to the payment of dividends and must be updated periodically. In the case of a Non-U.S. Holder that is an entity, Treasury Regulations and the relevant tax treaty provide rules to determine whether, for purposes of determining the applicability of a tax treaty, dividends will be treated as paid to the entity or to those holding an interest in that entity. If a Non-U.S. Holder holds stock through a financial institution or other agent acting on the holder’s behalf, the holder will be required to provide appropriate documentation to such agent. The holder’s agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty and you do not timely file the required certification, you may be able to obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS.

We generally are not required to withhold tax on dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains in the United States) if a properly executed IRS Form W-8ECI, stating that the dividends are so connected, is furnished to us or our paying agent (or, if stock is held through a financial institution or other agent, to such agent). In general, such effectively connected dividends will be subject to U.S. federal income tax, on a net income basis at the regular rates applicable to U.S. residents. A corporate Non-U.S. Holder receiving effectively connected dividends may also be subject to an additional “branch profits tax,” which is imposed, under certain circumstances, at a rate of 30% (or such lower rate as may be specified by an applicable treaty) on the corporate Non-U.S. Holder’s effectively connected earnings and profits, subject to certain adjustments. Non-U.S. Holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

To the extent distributions on our common stock, if any, exceed our current and accumulated earnings and profits, they will first reduce the Non-U.S. Holder’s adjusted basis in our common stock, but not below zero, and then will be treated as gain to the extent of any excess amount distributed, and taxed in the same manner as gain realized from a sale or other disposition of common stock as described in the next section.

Gain on Disposition of Our Common Stock

Subject to the discussions below regarding backup withholding and foreign accounts, a Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to gain realized on a sale or other disposition of our common stock unless (a) the gain is effectively connected with a trade or business of such holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base that such holder maintains in the United States), (b) the Non-U.S. Holder is a nonresident alien individual and is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met or (c) we are or have been a “United States real property holding corporation” within the meaning of Code Section 897(c)(2) at any time within the shorter of the five-year period preceding such disposition or such holder’s holding period. In general, we would be a United States real property holding corporation if our interests in U.S. real estate comprise (by fair market value) at least half of our business assets. We believe that we have not been and we are not, and do not anticipate becoming, a United States real property holding corporation.
property holding corporation. Even if we are treated as a United States real property holding corporation, gain realized by a Non-U.S. Holder on a disposition of our common stock will not be subject to U.S. federal income tax so long as (1) the Non-U.S. Holder owned, directly, indirectly and constructively, no more than 5% of our common stock at all times within the shorter of (i) the five-year period preceding the disposition or (ii) the holder’s holding period and (2) our common stock is regularly traded on an established securities market. There can be no assurance that our common stock will continue to qualify as regularly traded on an established securities market. If any gain on your disposition is taxable because we are a United States real property holding corporation and your ownership of our common stock exceeds 5%, you will be taxed on such disposition generally in the manner as gain that is effectively connected with the conduct of a U.S. trade or business (subject to the provisions under an applicable income tax treaty), except that the branch profits tax generally will not apply.

If you are a Non-U.S. Holder described in (a) above, you will be required to pay tax on the net gain derived from the sale at regular U.S. federal income tax rates, and corporate Non-U.S. Holders described in (a) above may be subject to the additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. Gain described in (b) above will be subject to U.S. federal income tax at a flat 30% rate or such lower rate as may be specified by an applicable income tax treaty, which gain may be offset by certain U.S.-source capital losses (even though you are not considered a resident of the United States), provided that the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

Information Reporting Requirements and Backup Withholding

Generally, we must report information to the IRS with respect to any dividends we pay on our common stock (even if the payments are exempt from withholding), including the amount of any such dividends, the name and address of the recipient, and the amount, if any, of tax withheld. A similar report is sent to the holder to whom any such dividends are paid. Pursuant to tax treaties or certain other agreements, the IRS may make its reports available to tax authorities in the recipient’s country of residence.

Dividends paid by us (or our paying agents) to a Non-U.S. Holder may also be subject to U.S. backup withholding. U.S. backup withholding generally will not apply to a Non-U.S. Holder who provides a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-ECI, or otherwise establishes an exemption. Notwithstanding the foregoing, backup withholding may apply if the payor has actual knowledge, or reason to know, that the holder is a U.S. person who is not an exempt recipient.

U.S. information reporting and backup withholding requirements generally will apply to the proceeds of a disposition of our common stock effected by or through a U.S. office of any broker, U.S. or foreign, except that information reporting and such requirements may be avoided if the holder provides a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E or otherwise meets documentary evidence requirements for establishing non-U.S. person status or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding requirements will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is effected outside the United States through a non-U.S. office of a non-U.S. broker. Information reporting and backup withholding requirements may, however, apply to a payment of disposition proceeds if the broker has actual knowledge, or reason to know, that the holder is, in fact, a U.S. person. For information reporting purposes, certain brokers with substantial U.S. ownership or operations will generally be treated in a manner similar to U.S. brokers.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be credited against the tax liability of persons subject to backup withholding, provided that the required information is timely furnished to the IRS.

Foreign Accounts

Sections 1471 through 1474 of the Code (commonly referred to as FATCA) impose a U.S. federal withholding tax of 30% on certain payments, including dividends paid on and the gross proceeds of a disposition
of our common stock paid to a foreign financial institution (as specifically defined by applicable rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). FATCA also generally imposes a federal withholding tax of 30% on certain payments, including dividends paid on and the gross proceeds of a disposition of our common stock to a non-financial foreign entity unless such entity provides the withholding agent with either a certification that it does not have any substantial direct or indirect U.S. owners or provides information regarding substantial direct and indirect U.S. owners of the entity. An intergovernmental agreement between the United States and an applicable foreign country may modify those requirements. The withholding tax described above will not apply if the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from the rules.

The withholding provisions described above currently apply to payments of dividends, and, subject to the recently released proposed Treasury Regulations described below, will apply to payments of gross proceeds from a sale or other disposition of common stock on or after January 1, 2019.

The U.S. Treasury Department recently released proposed regulations which, if finalized in their present form, would eliminate the federal withholding tax of 30% applicable to the gross proceeds of a disposition of our common stock. In its preamble to such proposed regulations, the U.S. Treasury Department stated that taxpayers may generally rely on the proposed regulations until final regulations are issued.

Holders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in our common stock.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY RECENT OR PROPOSED CHANGE IN APPLICABLE LAW.
UNDERWRITING

BofA Securities, Inc., Wells Fargo Securities, LLC, BMO Capital Markets Corp. and UBS Securities LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

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<th>Underwriter</th>
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<td>BofA Securities, Inc.</td>
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<td>BMO Capital Markets Corp.</td>
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<td>UBS Securities LLC</td>
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<td><strong>Total</strong></td>
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Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer’s certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

<table>
<thead>
<tr>
<th></th>
<th>Per Share</th>
<th>Without Option</th>
<th>With Option</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public offering price</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Underwriting discount</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Proceeds, before expenses, to us</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

The expenses of the offering, not including the underwriting discount, are estimated at $ and are payable by us. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority up to $.
Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to additional shares of our common stock at the public offering price, less the underwriting discount. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter’s initial amount reflected in the above table.

Directed Share Program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to % of the shares offered by this prospectus for sale to some of our directors, officers, employees, distributors, dealers, business associates and related persons. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

No Sales of Similar Securities

We, our executive officers and directors and our other existing security holders have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for the period ending 180 days after the date of this prospectus without first obtaining the written consent of the representatives. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant to purchase any common stock,
- otherwise dispose of or transfer any common stock,
- request or demand that we file or make a confidential submission of a registration statement related to the common stock or enter into any swap or other agreement or any transaction that transfers in whole or in part, directly or indirectly, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

The exceptions permit our executive officers and directors and other existing security holders, subject to certain restrictions, to:

- transfer the common stock (i) as a bona fide gift or gifts, (ii) to the person’s immediate family or any trust for the direct or indirect benefit of the person or their immediate family, (iii) as a distribution to the person’s limited partners or stockholders, (iv) to the person’s affiliates or any investment fund or other entity controlled or managed by the person, or (v) by will of intestate successor.
- transfer the common stock to us upon exercise of any option granted under our incentive plans described in this prospectus, including the surrender of shares of common stock to us in “net” or “cashless” exercise of any option;
• transfer the common stock to us in connection with our repurchase of shares of common stock pursuant to a repurchase right arising upon the termination of the person’s employment with us;
• convert our preferred stock into shares of common stock;
• transfer the common stock pursuant to an order of a court of competent jurisdiction or in connection with a qualified domestic order or divorce settlement;
• establishing a trading plan pursuant to Rule 10b5-1 under the Exchange Act, provided that no sales of common stock are made under such plans during the restricted period; or
• sell shares of our common stock purchased in the initial public offering or on the open market following the initial public offering.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

**Nasdaq Global Market Listing**

We expect the shares to be approved for listing on the Nasdaq Global Market, subject to notice of issuance, under the symbol “RAPT.”

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations among us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

• the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,
• our financial information,
• the history of, and the prospects for, our company and the industry in which we compete,
• an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues,
• the present state of our development, and
• the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

**Price Stabilization, Short Positions and Penalty Bids**

Until the distribution of the shares is completed, SEC rules may limit underwriters from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.
In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. “Covered” short sales are sales made in an amount not greater than the underwriters’ option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. “Naked” short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the Nasdaq Global Market, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as email.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.
In relation to each member state of the European Economic Area, no offer of ordinary shares which are the subject of the offering has been or will be made to the public in that Member State, other than under the following exemptions under the Prospectus Directive:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of ordinary shares referred to in (a) to (c) above shall result in a requirement for the Company or any representative to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person located in a Member State to whom any offer of ordinary shares is made or who receives any communication in respect of an offer of ordinary shares, or who initially acquires any ordinary shares will be deemed to have represented, warranted, acknowledged and agreed to and with each representative and the Company that (1) it is a “qualified investor” within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive; and (2) in the case of any ordinary shares acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, the ordinary shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or where ordinary shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those ordinary shares to it is not treated under the Prospectus Directive as having been made to such persons.

The Company, the representatives and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgments and agreements.

This prospectus has been prepared on the basis that any offer of shares in any Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Member State of shares which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the Company or any of the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the representatives have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for the Company or the representatives to publish a prospectus for such offer.

For the purposes of this provision, the expression an “offer of ordinary shares to the public” in relation to any ordinary shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the ordinary shares to be offered so as to enable an investor to decide to purchase or subscribe the ordinary shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in each Member State.

The above selling restriction is in addition to any other selling restrictions set out below.
Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, nor the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (“ASIC”), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the “Corporations Act”), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the “Exempt Investors”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional
The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Hong Kong

The securities have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the securities has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Japan

The securities have not been registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.
Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant to an offer made under Section 275 of the SFA except:

(c) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(d) where no consideration is or will be given for the transfer;

(e) where the transfer is by operation of law;

(f) as specified in Section 276(7) of the SFA; or

(g) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notice to Prospective Investors in Canada

The securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.
LEGAL MATTERS

The validity of the shares of common stock being offered by this prospectus will be passed upon for us by Cooley LLP, Palo Alto, California. The underwriters are being represented by Davis Polk & Wardwell LLP, Menlo Park, California.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements at December 31, 2017 and 2018, and for the years then ended, as set forth in their report. We have included our financial statements in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP’s report, given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1, including exhibits and schedules, under the Securities Act, with respect to the shares of common stock being offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all of the information in the registration statement and its exhibits. For further information with respect to us and the common stock offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

You can read our SEC filings, including the registration statement, over the internet at the SEC’s website at www.sec.gov.

Upon the closing of this offering, we will be subject to the information reporting requirements of the Securities Exchange Act of 1934 and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection at the website of the SEC referred to above. We also maintain a website at www.rapt.com, at which, following the closing of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on or accessible through our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is an inactive textual reference only.

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# INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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<td>Consolidated Statements of Operations and Comprehensive Loss</td>
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<td>Consolidated Statements of Convertible Preferred Stock and Stockholders’ Deficit</td>
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## Three Months Ended March 31, 2018 and 2019

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<td>Condensed Consolidated Balance Sheets</td>
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<td>Condensed Consolidated Statements of Operations and Comprehensive Loss</td>
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<td>Condensed Consolidated Statements of Cash Flows</td>
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<tr>
<td>Notes to Unaudited Interim Condensed Consolidated Financial Statements</td>
<td>F-30</td>
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</tbody>
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To the Stockholders and the Board of Directors of
RAPT Therapeutics, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of RAPT Therapeutics, Inc. (f/k/a FLX, Bio, Inc.) (the Company) as of December 31, 2017 and 2018, the related consolidated statements of operations and comprehensive loss, convertible preferred stock and stockholders’ deficit, and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

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

/s/ Ernst & Young LLP

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

Redwood City, California
May 24, 2019

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## RAPT THERAPEUTICS, INC.
### CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2017</th>
<th>December 31, 2018</th>
<th>Pro forma Stockholders’ Equity as of December 31, 2018 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$47,517</td>
<td>$63,798</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>725</td>
<td>1,264</td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>48,242</td>
<td>65,062</td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>1,913</td>
<td>4,159</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>236</td>
<td>389</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$50,391</td>
<td>$69,610</td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities, Convertible Preferred Stock and Stockholders’ Deficit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$1,106</td>
<td>$1,771</td>
<td></td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>1,492</td>
<td>2,488</td>
<td></td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>650</td>
<td>384</td>
<td></td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>3,248</td>
<td>4,643</td>
<td></td>
</tr>
<tr>
<td>Deferred rent, net of current portion</td>
<td>905</td>
<td>969</td>
<td></td>
</tr>
<tr>
<td>Commitments (See Note 6)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Convertible preferred stock, $0.0001 par value:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>104,018,468 shares authorized; 75,563,784 and 98,491,880 shares issued and outstanding at December 31, 2017 and 2018, respectively; aggregate liquidation preference of $170,000 at December 31, 2018; no shares issued and outstanding, pro forma (unaudited)</td>
<td>108,643</td>
<td>161,111</td>
<td>$ —</td>
</tr>
<tr>
<td><strong>Stockholders’ Deficit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, $0.0001 par value:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>119,200,000 shares authorized; 5,281,338 and 5,270,721 shares issued and outstanding at December 31, 2017 and 2018, respectively; 103,762,601 shares issued and outstanding as of December 31, 2018, pro forma (unaudited)</td>
<td>1</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>21,005</td>
<td>22,441</td>
<td>183,542</td>
</tr>
<tr>
<td>Related party promissory note for the purchase of common stock</td>
<td>(605)</td>
<td>(598)</td>
<td>(598)</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>—</td>
<td>(4)</td>
<td>(4)</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(82,806)</td>
<td>(118,953)</td>
<td>(118,953)</td>
</tr>
<tr>
<td><strong>Total stockholders’ (deficit) equity</strong></td>
<td>(62,405)</td>
<td>(97,113)</td>
<td>$63,998</td>
</tr>
<tr>
<td><strong>Total liabilities, convertible preferred stock and stockholders’ deficit</strong></td>
<td>$50,391</td>
<td>$69,610</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.

F-3
### RAPT THERAPEUTICS, INC.
#### CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands, except share and per share data)

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>$ 25,618</td>
<td>$ 31,767</td>
</tr>
<tr>
<td>General and administrative</td>
<td>3,713</td>
<td>5,180</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>29,331</td>
<td>36,947</td>
</tr>
<tr>
<td><strong>Loss from operations</strong></td>
<td>29,331</td>
<td>36,947</td>
</tr>
<tr>
<td><strong>Other (income):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (income), net</td>
<td>(216)</td>
<td>(800)</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$ 29,115</td>
<td>$ 36,147</td>
</tr>
<tr>
<td><strong>Other comprehensive loss</strong></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td><strong>Total comprehensive loss</strong></td>
<td>$ 29,115</td>
<td>$ 36,151</td>
</tr>
<tr>
<td><strong>Net loss per share, basic and diluted</strong></td>
<td>$ 11.24</td>
<td>$ 9.68</td>
</tr>
<tr>
<td><strong>Weighted average number of shares used in computing net loss per share, basic and diluted</strong></td>
<td>2,590,100</td>
<td>3,733,823</td>
</tr>
<tr>
<td><strong>Pro forma net loss per share, basic and diluted (unaudited)</strong></td>
<td></td>
<td>$ 0.42</td>
</tr>
<tr>
<td><strong>Weighted average number of shares used in computing pro forma net loss per share, basic and diluted (unaudited)</strong></td>
<td></td>
<td>86,766,748</td>
</tr>
</tbody>
</table>

*See accompanying notes to consolidated financial statements.*

F-4
# RAPT THERAPEUTICS, INC.

## CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS’ DEFICIT

(In thousands, except share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Convertible Preferred Stock</th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Related Party Promissory Notes for the Purchase of Common Stock</th>
<th>Accumulated Deficit</th>
<th>Accumulated Other Comprehensive Loss</th>
<th>Total Stockholders’ Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at December 31,</strong> 2016</td>
<td>62,509,105 $78,787</td>
<td>5,208,484 $1 $20,043 $(596) $(53,691) $— $— $(34,243)</td>
<td>13,054,679 29,856</td>
<td>72,854 — 246 — — — 246</td>
<td>— — — — — — —</td>
<td>— — — — — — —</td>
<td>— — — — — — —</td>
</tr>
<tr>
<td><strong>Issuance of Series C convertible preferred stock, net of issuance cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Issuance of common stock upon exercise of stock options, net of repurchase</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest on promissory notes from related parties for purchase of common stock</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stock-based compensation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at December 31,</strong> 2017</td>
<td>75,563,784 108,643</td>
<td>5,281,338 1 21,005 (605) (82,806) — (62,405)</td>
<td>13,054,684 29,914</td>
<td>— — — (9) — — (9)</td>
<td>— — — — — — —</td>
<td>— — — — — — —</td>
<td>— — — — — — —</td>
</tr>
<tr>
<td><strong>Issuance of Series C-2 convertible preferred stock, net of issuance cost</strong></td>
<td>9,873,412 22,554</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Issuance of common stock upon exercise of stock options, net of repurchase</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Repurchase of common stock from related party</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest on promissory notes from related parties for purchase of common stock</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stock-based compensation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Foreign currency translation adjustment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at December 31,</strong> 2018</td>
<td>98,491,880 $161,111</td>
<td>5,270,721 $1 $22,441 $(598) $(18,953) $(4) $(97,113)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.

F-5
# RAPT THERAPEUTICS, INC.
## CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$(29,115)</td>
<td>$(36,147)</td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to net cash used in operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,384</td>
<td>1,237</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>716</td>
<td>1,170</td>
</tr>
<tr>
<td>Loss on disposal of capital equipment</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>Other noncash income (loss), net</td>
<td>(9)</td>
<td>(14)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and other long-term assets</td>
<td>(34)</td>
<td>(691)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(80)</td>
<td>1,475</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(27,123)</td>
<td>(32,953)</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(1,124)</td>
<td>(3,500)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(1,124)</td>
<td>(3,500)</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from the sale of convertible preferred stock, net of issuance costs</td>
<td>29,856</td>
<td>52,468</td>
</tr>
<tr>
<td>Proceeds from issuance of common stock, net of repurchases</td>
<td>246</td>
<td>266</td>
</tr>
<tr>
<td><strong>Net cash provided by financing activities</strong></td>
<td>30,102</td>
<td>52,734</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>1,855</td>
<td>16,281</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>45,662</td>
<td>47,517</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>$47,517</td>
<td>$63,798</td>
</tr>
</tbody>
</table>

## Supplemental Disclosures of Non-Cash Investing and Financing Information

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment purchases included in accounts payable</td>
<td>$</td>
<td>$753</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.

F-6
1. Organization and Liquidity Risks

Description of the Business

RAPT Therapeutics, Inc. (“RAPT” or the “Company”), is a clinical-stage, immunology-based biopharmaceutical company focused on discovering, developing and commercializing oral small molecule therapies for patients with significant unmet needs in oncology and inflammatory diseases. Utilizing its proprietary drug discovery and development engine, the Company develops highly selective small molecules that are designed to modulate the critical immune responses underlying these diseases. In May 2019, the Company changed its name from FLX Bio, Inc. (“FLX”) to RAPT Therapeutics, Inc.

The Company is located in South San Francisco, California.

Liquidity and Management Plans

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Since inception, the Company has incurred net losses and negative cash flows from operations. During the year ended December 31, 2018, the Company incurred a net loss of $36.1 million and used $33.0 million of cash in operations. At December 31, 2018, the Company had cash and cash equivalents of $63.8 million and an accumulated deficit of $119.0 million. Management expects losses to continue for the next several years and does not expect positive cash flows in the foreseeable future.

The Company has historically financed its operations through the sale of convertible preferred stock. The Company has evaluated and concluded there are no conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for a period of at least one year following the date that these consolidated financial statements were issued. Management expects operating losses to continue for the foreseeable future. As a result, the Company will need to raise additional capital. If sufficient funds on acceptable terms are not available when needed, the Company could be required to significantly reduce its operating expenses and delay, reduce the scope of or eliminate one or more of its development programs. Failure to manage discretionary spending or raise additional financing, as needed, may adversely impact the Company’s ability to achieve its intended business objectives.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and include the consolidated accounts of the Company and its wholly-owned subsidiary, RAPT Therapeutics Australia Pty Ltd. which was established in 2018. All intercompany balances and transactions have been eliminated in consolidation.

Unaudited Pro Forma Financial Information

The unaudited pro forma consolidated stockholders’ equity as of December 31, 2018, assumes the conversion of all outstanding shares of convertible preferred stock into 98,491,880 shares of common stock immediately prior to the completion of the Company’s planned initial public offering (“IPO”). The shares of common stock issuable and the proceeds expected to be received in the IPO are excluded from such pro forma financial information. Pro forma basic and diluted net loss per share has been computed to give effect to the
conversion of all outstanding convertible preferred stock into shares of common stock. The unaudited pro forma net loss per share for the year ended December 31, 2018, was computed using the weighted-average number of shares of common stock outstanding, including the pro forma effect of the conversion of all outstanding shares of convertible preferred stock into shares of common stock, as if such conversion had occurred at the beginning of the period, or their issuance dates, if later.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates on historical experience and market-specific or other relevant assumptions that it believes are reasonable under the circumstances. The amounts of assets and liabilities reported in the Company’s balance sheets and the amount of expenses and income reported for each of the periods presented are affected by estimates and assumptions, which are used for, but are not limited to, determining the fair value of assets and liabilities, common stock valuation and stock-based compensation. Actual results could differ from such estimates or assumptions.

Segments

The Company operates as a single operating segment. The Company’s chief operating decision maker, its President and Chief Executive Officer, manages the Company’s operations on a consolidated basis for the purposes of allocating resources, making operating decisions and evaluating financial performance.

Fair Value of Financial Instruments

The carrying amount of the Company’s financial instruments, including certain prepaid and accrued expenses, approximates fair value due to their short-term maturities.

Cash and Cash Equivalents

Cash equivalents are financial instruments that potentially subject the Company to concentrations of credit risk. The Company considers all highly liquid investments with original maturities of 90 days or less from the date of purchase to be cash equivalents. The Company invests its cash and cash equivalents in money market funds. The Company limits its credit risk associated with cash and cash equivalents by placing its cash with banks and institutions it believes are highly credit worthy and in highly-rated investments.

Property and Equipment

Property and equipment consist of computer equipment, laboratory equipment, leasehold improvements and furniture and fixtures, and is recorded at cost, less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the respective assets, generally three to five years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the improvements.

Depreciation and amortization begin at the time the asset is placed in service. Maintenance and repairs are charged to expense as incurred. Upon sale or retirement of assets, the cost and related accumulated depreciation and amortization are removed from the balance sheet and the resulting gain or loss is reflected in the results of operations.
Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for impairment annually or more frequently whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Recoverability of these assets is measured by comparing the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate over its remaining life. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. As of December 31, 2017 and 2018, the Company has not recorded any impairment losses on long-lived assets.

Leases

The Company leases office space and laboratory facilities under non-cancelable operating lease agreements and recognizes related rent expense on a straight-line basis over the term of the lease. Funding of leasehold improvements by the Company’s landlord is accounted for as a tenant improvement allowance and recorded as current and non-current deferred rent liabilities and amortized on a straight-line basis as a reduction of rent expense over the term of the lease.

Convertible Preferred Stock

The Company records all shares of convertible preferred stock at their respective fair values on the dates of issuance, less issuance costs. In the event of a change of control of the Company, proceeds received from the sale of such shares will be distributed in accordance with the liquidation preferences set forth in the Company’s Amended and Restated Certificate of Incorporation unless the holders of the convertible preferred stock have converted their shares of convertible preferred stock into shares of common stock. Convertible preferred stock is classified outside of stockholders’ deficit on the balance sheet as events triggering redemption are not solely within the Company’s control.

The Company has not adjusted the carrying values of its convertible preferred stock to the liquidation preferences of such shares because of the uncertainty of whether or when such an event would occur. As of December 31, 2018, it was not probable that such a redemption would occur.

Research and Development Costs

Research and development costs are charged to expense as incurred. Research and development costs consist primarily of salaries and benefits of research and development personnel, costs related to research activities, preclinical studies, clinical trials, drug manufacturing and allocated overhead and facility-related expenses. The Company accounts for non-refundable advance payments for goods or services that will be used in future research and development activities as expenses when the goods have been received or when the service has been performed rather than when the payment is made.

Clinical trial costs are a component of research and development expenses. The Company expenses costs for its clinical trial activities performed by third parties, including clinical research organizations ("CROs") and other service providers, as they are incurred, based upon estimates of the work completed over the life of the individual study in accordance with associated agreements. The Company uses information it receives from internal personnel and outside service providers to estimate the clinical trial costs incurred.

Stock-Based Compensation

The Company measures employee and director stock-based compensation expense for all stock-based awards based on their grant date fair value using the Black-Scholes option-pricing model. For stock-based...
awards with service conditions only, stock-based compensation expense is recognized over the requisite service period using the straight-line method. For awards with performance conditions, the Company evaluates the probability of achieving performance conditions at each reporting date. The Company begins to recognize stock-based compensation expense using an accelerated attribution method when it is deemed probable that the performance condition will be met. Forfeitures are recognized as they occur.

Stock-based compensation expense for nonemployee stock-based awards is measured at fair value using the Black-Scholes option-pricing model. The Company recognizes stock-based compensation expense for the estimated fair value of the vested portion of nonemployee awards in its consolidated statements of operations and comprehensive loss. Stock-based compensation expense related to stock option grants to nonemployees is subject to re-measurement over the service period, which approximates the vesting period.

Stock-based compensation expense related to restricted stock awards is determined using the estimated fair value of the Company’s common stock on the date of grant. The estimated fair value is amortized as compensation expense over the service period of the award.

**Foreign Currency Transactions**

The functional currency of RAPT Therapeutics Australia Pty Ltd., our wholly-owned subsidiary, is the Australian dollar. Accordingly, all monetary assets and liabilities of the subsidiary are translated into U.S. dollars at the current period-end exchange rates and non-monetary assets are translated using historical exchange rates. Income and expense elements are remeasured to U.S. dollars using the average exchange rates in effect during the period. Remeasurement gains and losses are recorded as other income (expense).

The Company is subject to foreign currency risk with respect to its clinical contracts denominated in currencies other than the U.S. dollar. Payments on contracts denominated in foreign currencies are made at the spot rate on the day of payment. Changes in the exchange rate between billing dates and payment dates are recorded to other (income), net on the consolidated statements of operations.

**Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period such tax rate changes are enacted.

The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely to be realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Valuation allowances are established when necessary to reduce deferred tax assets to amounts more likely than not to be realized. Interest and penalties related to unrecognized tax benefits are recognized as a component of income tax expense.

**Comprehensive Loss**

Comprehensive loss includes net loss and certain changes in stockholders’ deficit that are excluded from net loss, primarily unrealized losses from foreign currency translation adjustments.
Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period, without consideration of potential dilutive securities. Diluted net loss per share is computed by dividing the net loss by the sum of the weighted average number of common shares outstanding during the period plus the potential dilutive effects of potential dilutive shares outstanding during the period. Potential dilutive securities include stock options, warrants and convertible preferred stock. The dilutive effect of stock options and warrants is computed using the treasury stock method and the dilutive effect of convertible preferred stock is calculated using the “if-converted method”. For all periods presented, diluted net loss per share is the same as basic net loss per share since the effect of including potential common shares is anti-dilutive.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (“FASB”) or other standard setting bodies and adopted by us as of the specified effective date. Under the Jumpstart Our Business Startups Act of 2012, as amended (the “JOBS Act”), we meet the definition of an emerging growth company, and have elected the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This standard is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The standard is effective for annual periods beginning after December 15, 2018 using one of two retrospective application methods. The Company has elected to adopt this standard as of January 1, 2018. The adoption of ASU No. 2014-09 did not have any impact on the Company’s consolidated financial statements and related disclosures.

In May 2017, the FASB issued ASU No. 2017-09, Compensation—Stock Compensation (Topic 718), Scope of Modification Accounting. This pronouncement provides guidance about which changes to the terms or conditions of a share-based payment award may require an entity to apply modification accounting under Topic 718. This guidance is effective for the Company for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. The Company adopted this standard on January 1, 2018. The adoption of ASU No. 2017-09 did not have a significant impact on the Company’s consolidated financial statements and related disclosures.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases. ASU 2016-02 requires lessees to put most leases on their balance sheet while recognizing expense in a manner similar to existing accounting. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The new accounting guidance is effective for the Company for fiscal periods beginning after December 15, 2019 and early adoption is permitted. The Company is currently assessing the timing of adoption and the impact that the adoption will have on its consolidated financial statements and related disclosures.
In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230), which provides greater clarity to preparers on the treatment of certain items within an entity’s statement of cash flows. The new guidance is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The guidance is effective for the Company on January 1, 2019, and the Company is currently evaluating the impact that the adoption of ASU 2016-15 will have on its consolidated financial statements and related disclosures.

In June 2018, the FASB issued ASU No. 2018-07, Compensation—Stock Compensation (Topic 718): Improvements to Non-Employee Share-Based Payment Accounting as part of the FASB simplification initiative. The new standard expands the scope of Topic 718, allowing the Company to apply the requirements of Topic 718 to certain non-employee awards to acquire goods and services from non-employees. This ASU will be effective for the Company for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, with early adoption permitted. The Company is currently assessing the timing of adoption and the impact that the adoption of ASU 2018-07 will have on its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurements (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement as part of the FASB’s disclosure framework project. This ASU modifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement by removing the requirement to disclose amounts of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, and the valuation process for Level 3 fair value measurements. This ASU also modifies existing disclosure requirements by clarifying that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date, and it adds required disclosures for the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period, and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. This ASU will be effective for the Company for fiscal years and interim periods within those fiscal years, beginning after December 15, 2019. The Company is currently assessing the impact of this ASU on its consolidated financial statements.

3. Fair Value Measurements

Fair value accounting is applied for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Financial instruments include cash and cash equivalents, accounts payable and accrued liabilities that approximate fair value due to their relatively short maturities.

Assets and liabilities recorded at fair value on a recurring basis in the balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

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

Level 3—Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

Financial assets subject to fair value measurements on a recurring basis comprise money market funds that are measured using Level 1 inputs. The money market funds subject to fair value measurements at December 31, 2017 and 2018 were $47.5 million and $63.7 million, respectively, and are included in cash and cash equivalents.

4. Property and Equipment

Property and equipment consists of the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Laboratory equipment</td>
<td>$4,603</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>598</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>244</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>237</td>
</tr>
<tr>
<td><strong>Total property and equipment</strong></td>
<td><strong>5,682</strong></td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(3,769)</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$1,913</td>
</tr>
</tbody>
</table>

Depreciation and amortization expenses were $1.4 million and $1.2 million for the years ended December 31, 2017 and 2018, respectively.

5. Accrued Expenses

Accrued expenses consist of the following (in thousands):

|                                | December 31, |
|                                | 2017         | 2018         |
| Accrued clinical expenses      | $39          | $519         |
| Accrued compensation           | 1,019        | 1,433        |
| Accrued professional and consulting services | 317 | 182 |
| Accrued property and equipment | —            | 202          |
| Accrued lab supplies           | 70           | 80           |
| Other                          | 47           | 72           |
| **Total accrued expenses**     | $1,492       | $2,488       |

6. Commitments

The Company enters into contracts in the normal course of business with CROs for preclinical studies and clinical trials. These agreements provide for notice of termination by either party and are, therefore, cancelable contracts.
In May 2015, the Company entered into an operating lease for 30,376 square feet of laboratory and office facilities in South San Francisco, California, which expires in May 2022 and provides for tenant improvement allowances of $0.8 million. In April 2018, the Company amended the lease agreement to include an additional 6,378 square feet of laboratory and office space increasing the total leased premises to 36,754 square feet. The lease amendment extended the lease term to November 2026, and contains scheduled rent increases over the lease term and an option for the Company to extend the lease for an additional five-year term. The lease amendment contains a tenant improvement allowance of $1.4 million that the Company used in 2018 toward $2.4 million in total leasehold improvements, which is amortized over the remaining lease term.

In February 2019, the Company entered into an agreement to sublease its facility lease of 6,378 square feet of laboratory and office space with a related party. See Note 14 for further discussion.

As of December 31, 2018, future minimum non-cancelable lease payments, net of sublease rental income, are as follows (in thousands):

<table>
<thead>
<tr>
<th>Year ending December 31:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$1,432</td>
</tr>
<tr>
<td>2020</td>
<td>1,639</td>
</tr>
<tr>
<td>2021</td>
<td>1,969</td>
</tr>
<tr>
<td>2022</td>
<td>2,038</td>
</tr>
<tr>
<td>Thereafter</td>
<td>8,687</td>
</tr>
<tr>
<td><strong>Total minimum lease payments</strong></td>
<td><strong>$15,765</strong></td>
</tr>
</tbody>
</table>

The terms of the lease agreement provide for rental payments on a monthly basis and on a graduated scale. The Company recognizes rent expense on a straight-line basis over the lease period and has accrued for rent expense incurred but not paid. Rent expense includes certain monthly charges that do not represent non-cancelable obligations, as defined. These costs are determined based on actual charges incurred. In addition, tenant improvement allowances recorded are amortized as a reduction to rent expense on a straight-line basis over the lease term. Rent expense was $1.6 million and $1.8 million in the years ended December 31, 2017 and 2018, respectively.

From time to time, the Company may be subject to various legal proceedings and claims arising in the ordinary course of business. The Company assesses contingencies to determine the degree of probability and range of possible loss for potential accrual in its financial statements. An estimated loss contingency is accrued in the financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company is not subject to any current pending legal matters or claims and no contingency loss had been accrued.

### 7. Clinical Trial Collaboration and Supply Agreement

In November 2018, the Company entered into a clinical trial collaboration and supply agreement with Merck (known as MSD outside the United States and Canada), through an affiliate, under which the Company will conduct a clinical trial evaluating FLX475 in combination with KEYTRUDA® (pembrolizumab), Merck’s anti-PD-1 therapy, in patients with advanced cancers. The Company is the sponsor of the clinical trial, and Merck will supply KEYTRUDA® for use in the clinical trial.

### 8. Related-Party Promissory Notes

In August 2015 and June 2016, the Company entered into limited recourse promissory notes with the Company’s chief executive officer and chief operating officer for the purchase of restricted common stock. The
principal amount of the loans was $0.3 million and $0.3 million, respectively. The loans are secured by the shares of common stock of the Company held by the individuals. The loans accrue interest at a rate of 1.82% and 1.41% per annum, respectively, and are due upon the earlier of voluntary termination of services to the Company, filing by the Company of its first registration statement with the Securities and Exchange Commission under the Securities Act of 1933 or sale of substantially all of the Company’s assets. As of December 31, 2017 and 2018, the total outstanding balance under these notes, including accrued interest, was approximately $0.6 million and $0.6 million, respectively. The notes are recorded within stockholders’ deficit.

9. Convertible Preferred Stock and Stockholders’ Deficit

Convertible preferred stock

In June 2018, the Company completed a subsequent closing of Series C convertible preferred stock financing at $2.2925 per share for $29.9 million in gross proceeds. Additionally, in December 2018, the Company completed a $22.6 million Series C-2 convertible preferred stock financing at $2.2925 per share, and between January 2019 and March 2019, the Company completed subsequent closings of Series C-2 convertible preferred stock financing at $2.2925 per share for $7.0 million.

As of December 31, 2017, convertible preferred stock consisted of the following (in thousands, except share amounts):

<table>
<thead>
<tr>
<th>Series</th>
<th>Shares Authorized</th>
<th>Shares Issued and Outstanding</th>
<th>Net Carrying Value</th>
<th>Aggregate Liquidation Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A</td>
<td>37,509,105</td>
<td>37,509,105</td>
<td>$ 28,861</td>
<td>$ 37,509</td>
</tr>
<tr>
<td>Series B</td>
<td>25,000,000</td>
<td>25,000,000</td>
<td>49,926</td>
<td>50,000</td>
</tr>
<tr>
<td>Series C</td>
<td>26,240,224</td>
<td>13,054,679</td>
<td>29,856</td>
<td>29,928</td>
</tr>
<tr>
<td>Total convertible preferred stock</td>
<td>88,749,329</td>
<td>75,563,784</td>
<td>$ 108,643</td>
<td>$ 117,437</td>
</tr>
</tbody>
</table>

As of December 31, 2018, convertible preferred stock consisted of the following (in thousands, except share amounts):

<table>
<thead>
<tr>
<th>Series</th>
<th>Shares Authorized</th>
<th>Shares Issued and Outstanding</th>
<th>Net Carrying Value</th>
<th>Aggregate Liquidation Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A</td>
<td>37,509,105</td>
<td>37,509,105</td>
<td>$ 28,861</td>
<td>$ 37,509</td>
</tr>
<tr>
<td>Series B</td>
<td>25,000,000</td>
<td>25,000,000</td>
<td>49,926</td>
<td>50,000</td>
</tr>
<tr>
<td>Series C</td>
<td>26,109,363</td>
<td>26,109,363</td>
<td>59,770</td>
<td>59,856</td>
</tr>
<tr>
<td>Series C-2</td>
<td>15,400,000</td>
<td>9,873,412</td>
<td>22,554</td>
<td>22,635</td>
</tr>
<tr>
<td>Total convertible preferred stock</td>
<td>104,018,468</td>
<td>98,491,880</td>
<td>$ 161,111</td>
<td>$ 170,000</td>
</tr>
</tbody>
</table>

The rights, privileges, and preferences of the convertible preferred stock are as follows:

Conversion

Each share of Series A, Series B, Series C and Series C-2 convertible preferred stock are initially convertible, at the option of the holder at any time, into shares of common stock as determined by dividing the applicable original issue price for such series by the applicable conversion price for such series, subject to adjustment in the event of any stock splits, stock dividends, combinations, subdivisions or similar recapitalization.
affecting such shares, and subject also to adjustment for certain dilutive issuances. Conversion of all outstanding convertible stock is automatic upon (i) the closing of a firm commitment underwritten public offering resulting in at least $30,000,000 in gross proceeds to the Company, prior to underwriting commissions and expenses, provided that the public offering price is at least $2.2925 per share, as adjusted for any stock dividends, combinations, splits, recapitalizations and the like or (ii) the election of the holders of 55% or more of the then outstanding shares of preferred stock.

**Dividends**

The holders of shares of Series A, Series B, Series C and Series C-2 convertible preferred stock shall be entitled to receive dividends, when, as and if declared by the Board of Directors, at the rate per annum of $0.08, $0.16, $0.18, $0.18 per share, respectively, subject to adjustment in the event of any stock splits, stock dividends, combinations, subdivisions or similar recapitalization affecting such shares.

Accrued dividends are payable when, as and if declared by the Board of Directors, and are not cumulative. After payment of the above dividend, any additional dividends shall be distributed among all holders of common and preferred stock in proportion to the number of shares of common stock into which the representative shares are convertible.

**Voting**

Each holder of shares of Series A, Series B, Series C and Series C-2 convertible preferred stock is entitled to one vote for each share of common stock into which such shares of preferred stock are convertible, has voting rights and powers equal to the voting rights and powers of the common stock and shall vote together with the common stock on all matters as to which holders of common stock have the right to vote, in each case, except as provided by law or by other provisions of the Company's Restated Certificate of Incorporation.

**Election of board of directors**

As long as at least 6,000,000 shares of preferred stock are outstanding, as adjusted for any stock dividends, combinations, splits, recapitalizations and the like, the holders of shares of Series A, Series B, Series C and Series C-2 convertible preferred stock, voting as a separate class, are entitled to elect two members of the Board of Directors. The holders of shares of common stock, voting as a separate class, are entitled to elect two members of the Board of Directors. The holders of the shares of preferred stock and common stock, voting together as a single class, and on an as-converted basis, are entitled to elect all remaining members of the Board of Directors.

**Protective provisions**

As long as at least 6,000,000 shares of preferred stock are outstanding, as adjusted for any stock dividends, combinations, splits, recapitalizations and the like, the Company shall first obtain the approval by vote or written consent of the holders of at least 65% of the then outstanding shares of preferred stock, voting together as a single class and not as a separate series, and on an as-converted basis with respect to: (i) consummation of liquidation event or effect any other merger or consolidation, (ii) amend, alter or repeal any provision of the Company’s certificate of incorporation or bylaws, (iii) increase or decrease the total number of authorized shares of common stock or preferred stock or designated shares of any series of preferred stock, (iv) authorize, issue or obligate the Company to issue any equity security having preference over any series of preferred stock, (v) redeem, purchase or otherwise acquire any share or shares of preferred stock or common stock, (vi) change the authorized number of directors of the Company, (vii) increase the number of shares of common stock
reserved under any employee equity incentive plan, (viii) permit any subsidiary to sell or issue equity securities, (ix) pay or declare any dividend on any shares of capital stock and (x) authorize, issue or obligate the Company to issue any debt security if the aggregate indebtedness exceeds $5,000,000.

**Liquidation preferences**

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company or other “Liquidation Event” (as defined in the Company’s Restated Certificate of Incorporation), the holders of shares of Series A, Series B, Series C and Series C-2 convertible preferred stock shall be entitled to be paid an amount equal to the original issue price per share, subject to adjustment in the event of any stock splits, stock dividends, combinations, subdivisions or similar recapitalization affecting such shares together with any dividends declared but unpaid, prior to the payment of any distributions to the holders of common stock. If, upon the occurrence of such event, the assets and funds distributed among the holders of the Series A, Series B, Series C and Series C-2 convertible preferred stock are insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Company legally available for distribution are to be distributed ratably among the holders of the Series A, Series B, Series C and Series C-2 convertible preferred stock.

All holders of Series A, Series B, Series C and Series C-2 convertible preferred stock shall be deemed to have converted if, as a result of an actual conversion, such holder would receive, in the aggregate, a greater amount than the amount that would be distributed to such holder if such holder did not convert such shares of Series A, Series B, Series C and Series C-2 convertible preferred stock into common stock.

**Classification**

The Company has classified the convertible preferred stock outside of permanent equity on the balance sheet as these shares can be redeemed upon the occurrence of certain change in control events that are outside of the Company’s control, including liquidation, sale or transfer of the Company. The Company has not adjusted the carrying values of the convertible preferred stock to the liquidation preferences of such shares because it is uncertain whether or when an event would occur that would obligate the Company to pay the liquidation preferences to holders of shares of redeemable convertible preferred stock, and at the balance sheet dates these circumstances were not probable. Subsequent adjustments to the carrying values of the liquidation preferences will be made only when it becomes probable that such a liquidation event will occur.

**10. Common Stock**

The holders of the Company’s common stock have one vote for each share of common stock held by them. Holders of shares of the Company’s common stock are entitled to dividends when, as, and if declared by the Board of Directors, subject to the prior rights of the holders of convertible preferred stock. As of December 31, 2017 and 2018, no dividends had been declared.
As of December 31, 2018, the Company had reserved the following shares of common stock, on an as-converted basis, for future issuance as follows:

| Series A convertible preferred stock outstanding | 37,509,105 |
| Series B convertible preferred stock outstanding | 25,000,000 |
| Series C convertible preferred stock outstanding | 26,109,363 |
| Series C-2 convertible preferred stock outstanding | 15,400,000 |
| Options issued and outstanding | 4,609,398 |
| Options available for future grants | 4,163,209 |
| **Total** | **112,791,075** |

**11. Stock Option Plan**

In 2015, the Company adopted the FLX Bio, Inc. 2015 Stock Plan (the 2015 Plan) for eligible employees, officers, directors, advisors, and consultants, which provides for the grant of incentive and non-statutory stock options and restricted shares of common stock. Terms of the stock option agreements, including vesting requirements, are determined by the Board of Directors, subject to the provisions of the 2015 Plan. Options granted generally vest over four years and expire no later than ten years from the date of grant. The estimated fair value of the underlying common stock is determined by the Board of Directors. The exercise price of the incentive stock options must be equal to or greater than the estimated fair value of the underlying common stock on the date of grant.

The following summarizes option activity under the 2015 Plan:

<table>
<thead>
<tr>
<th></th>
<th>Shares Available</th>
<th>Number of Shares Outstanding</th>
<th>Weighted Average Exercise Price Per Share</th>
<th>Weighted Average Remaining Contractual Term (Years)</th>
<th>Aggregate Intrinsic Value (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balances at December 31, 2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock options authorized</td>
<td>3,239,355</td>
<td>852,161</td>
<td>$0.26</td>
<td>9.47</td>
<td>$426</td>
</tr>
<tr>
<td>Stock options granted</td>
<td>3,243,328</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Stock options exercised</td>
<td>(1,840,864)</td>
<td>1,840,864</td>
<td>0.33</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Stock options forfeited</td>
<td>(300,890)</td>
<td>(300,890)</td>
<td>0.31</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balances at December 31, 2017</strong></td>
<td>5,170,094</td>
<td>2,091,896</td>
<td>$0.31</td>
<td>9.02</td>
<td>$526</td>
</tr>
<tr>
<td>Stock options authorized</td>
<td>1,500,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Stock options granted</td>
<td>(2,984,605)</td>
<td>2,984,605</td>
<td>1.03</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Stock options exercised</td>
<td>(362,728)</td>
<td>(362,728)</td>
<td>0.46</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Unvested common shares repurchased</td>
<td>114,992</td>
<td>—</td>
<td>0.23</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Stock options forfeited</td>
<td>362,728</td>
<td>(362,728)</td>
<td>0.46</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balances at December 31, 2018</strong></td>
<td>4,163,209</td>
<td>4,609,398</td>
<td>$0.77</td>
<td>8.84</td>
<td>$1,291</td>
</tr>
<tr>
<td>Vested and expected to vest at December 31, 2018</td>
<td>4,609,398</td>
<td>—</td>
<td>8.84</td>
<td>—</td>
<td>$1,291</td>
</tr>
<tr>
<td>Exercisable at December 31, 2018</td>
<td>823,074</td>
<td>—</td>
<td>7.99</td>
<td>—</td>
<td>$580</td>
</tr>
</tbody>
</table>
The aggregate intrinsic values of options outstanding, exercisable, vested and expected to vest were calculated as the difference between the exercise price of the options and the estimated fair value of the Company’s common stock, as determined by the Board of Directors, as of December 31, 2017 and 2018.

During the year ended December 31, 2017, the Company granted 1.8 million stock options to purchase shares of common stock with a weighted-average grant date fair value of $0.60 per share and a weighted-average exercise price of $0.33 per share. The weighted average grant date fair value of the common stock was $0.73 per share. The grant date fair value of those awards was $1.2 million. During the year ended December 31, 2018, the Company granted 3.0 million stock options to purchase shares of common stock with a weighted-average grant date fair value of $0.72 per share and a weighted-average exercise price of $1.03 per share. The grant date fair value of those awards was $2.1 million. The intrinsic value of options exercised for the years ended December 31, 2017 and 2018 was $0.2 million and $0.1 million, respectively. The fair value of the 1.7 million and 2.0 million stock options vested during 2017 and 2018 was $0.6 million and $0.9 million, respectively.

The Company had 200,000 shares and 150,000 shares of performance-based stock options outstanding as of December 31, 2017 and 2018, respectively. The grant date fair value of the award was $0.2 million. As of December 31, 2017 and 2018, the Company has not recognized any of the related stock-based compensation expense, as vesting of the awards was not determined to be probable.

Employee stock option valuation

The assumptions used to value employee and director stock option awards granted under the 2015 Plan during the years ended December 31, 2017 and 2018, using the Black-Scholes option pricing model, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Fair value of common stock</td>
<td>$0.64 - $1.03</td>
</tr>
<tr>
<td>Expected term (in years)</td>
<td>5.96 - 6.07</td>
</tr>
<tr>
<td>Volatility</td>
<td>81.50% - 83.06%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>1.75% - 2.22%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>—</td>
</tr>
</tbody>
</table>

The fair value of the shares of common stock underlying stock options has historically been determined by the Company’s Board of Directors. Because there has been no public market for the Company’s common stock, the Board of Directors has determined fair value of the common stock at the time of grant of the option by considering a number of objective and subjective factors including important developments in the Company’s operations, valuations performed by independent third parties, sales of convertible preferred stock, actual operating results and financial performance, the conditions in the biotechnology industry and the economy in general, the stock price performance and volatility of comparable public companies and the lack of liquidity of the Company’s common stock, among other factors.

In determining the fair value of the options granted, the Company uses the Black-Scholes option-pricing model and assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment to determine.

Expected term

The expected term represents the period that the Company’s options granted are expected to be outstanding and is determined using the simplified method (based on the mid-point between the vesting date and
the end of the contractual term). The Company has very limited historical information to develop reasonable expectations about future exercise
patterns and post-vesting employment termination behavior for its stock option grants.

**Expected volatility**

Since the Company is privately held and does not have any trading history for its common stock, the expected volatility was estimated
based on the average volatility for comparable publicly traded biopharmaceutical companies over a period, where available, equal to the expected term
of the stock option grants. The comparable companies were chosen based on their similar size, life cycle stage or area of specialty.

**Risk-free interest rate**

The risk-free interest rate is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the
expected term of the options.

**Expected dividend**

The Company has never paid dividends on its common stock and has no plans to pay dividends on its common stock. Therefore, the
Company used an expected dividend yield of zero.

**Stock options granted to nonemployees**

Stock-based compensation related to stock options granted to non-employees is recognized as the services are rendered. The assumptions
used to value non-employee stock option awards granted under the 2015 Plan during the years ended December 31, 2017 and 2018, using the Black-
Scholes option pricing model, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Expected term (in years)</td>
<td>7.34 - 10.00</td>
</tr>
<tr>
<td>Volatility</td>
<td>78.92% - 86.03%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>1.32% - 2.57%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>—</td>
</tr>
</tbody>
</table>

During the years ended December 31, 2017 and 2018, the Company granted 200,000 and 25,000 options to nonemployee consultants and
recognized related expense of $0.1 million and $0.1 million, respectively.

**Early exercise of stock options**

The terms of the 2015 Plan permit option holders to exercise stock options before they are vested, subject to certain limitations. Such
unvested shares are subject to repurchase by the Company at the original exercise price in the event the option holder’s service to the Company is
terminated either voluntarily or involuntarily. As a result of early exercises under the 2015 Plan, approximately 2.2 million and 1.0 million shares were
subject to repurchase as of December 31, 2017 and 2018, respectively. The Company treats cash received from the exercise of unvested options as a
refundable deposit and classifies such amounts as a liability in its balance sheet. As of December 31, 2017 and 2018, the Company included cash
received for the early exercise of unvested options of $0.5 million and $0.2 million, respectively, in other current liabilities. Amounts included in
liabilities are transferred into common stock and additional paid-in capital as the shares vest, which is generally over a period of 48 months and may
include a one-year cliff.
Stock-based compensation expense

Total stock-based compensation recognized for both employees and non-employees was as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Research and development</td>
<td>394</td>
</tr>
<tr>
<td>General and administrative</td>
<td>322</td>
</tr>
<tr>
<td><strong>Total stock-based compensation expense</strong></td>
<td><strong>$ 716</strong></td>
</tr>
</tbody>
</table>

As of December 31, 2018, unrecognized stock-based compensation cost related to outstanding unvested stock options that are expected to vest was $1.3 million. This unrecognized stock-based compensation cost is expected to be recognized over 1.72 years.

12. Income Taxes

The following table presents domestic and foreign components of income (loss) before income taxes for the periods presented (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>United States</td>
<td>$(29,114)</td>
</tr>
<tr>
<td>Foreign</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$(29,114)</td>
</tr>
</tbody>
</table>

A reconciliation of the statutory U.S. federal rate and effective rate is as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Federal tax</td>
<td>34.0%</td>
</tr>
<tr>
<td>State, net of federal benefit</td>
<td>—</td>
</tr>
<tr>
<td>Stock based compensation</td>
<td>(1.0)</td>
</tr>
<tr>
<td>R&amp;D credit</td>
<td>2.0</td>
</tr>
<tr>
<td>Change in valuation allowance</td>
<td>(8.0)</td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
</tr>
<tr>
<td>Re-measurement of deferred tax assets</td>
<td>(27.0)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Note:
(1) For the year ended December 31, 2017, the statutory tax rate was 34%. For the year ended December 31, 2018, as a result of Tax Reform, the statutory tax rate was decreased to 21%.

The Company has not recorded income tax expense or benefit through December 31, 2018 because of the Company’s history of operating losses. The Company has incurred net operating losses for all periods since inception. The Company has not reflected any benefit of such net operating loss carryforwards in the accompanying financial statements. The Company has established a full valuation allowance against its deferred tax assets due to the uncertainty surrounding the realization of such assets.

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The Tax Cuts and Job Act (the “Act”) was enacted on December 22, 2017. The Act reduces the top U.S. federal corporate tax rate from 34% to 21%, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred, changes the rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017, allows for immediate expensing of fixed asset additions beginning after September 27, 2017 and creates new taxes on certain foreign-sourced earnings. In 2017, the Company was not subject to a one-time transition tax as no foreign accumulated earnings and profits existed.

The Tax Act created a new requirement that global intangible low-taxed income (“GILTI”) earned by the Company’s foreign wholly-owned subsidiary must be included in gross U.S. taxable income. While the Tax Act provides for a modified territorial tax system, beginning in 2018, GILTI provisions will be applied providing an incremental tax on low taxed foreign income. The GILTI provisions require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary’s tangible assets. During 2018, the Company made an accounting policy election to treat taxes related to GILTI as a current period expense when incurred.

We applied the guidance in Staff Accounting Bulletin No. 118 to reasonably estimate the effects of the 2017 Act and recorded provisional amounts in our financial statements as of December 31, 2017. In 2017, as a result of the signing of the Act, the Company recorded a $7.9 million reduction in our deferred tax assets due to the decrease in the Federal rate along with a corresponding reduction of our valuation allowance. In 2018, we completed our determination of the accounting implications of the 2017 Act and recorded no adjustments to the provisional amounts.

The components of the Company’s deferred tax assets are as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>December 31 2017</th>
<th>December 31 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net operating loss carryforwards</td>
<td>$13,635</td>
<td>$20,810</td>
</tr>
<tr>
<td>Federal and state taxes</td>
<td>2,035</td>
<td>3,378</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>60</td>
<td>105</td>
</tr>
<tr>
<td>Accrued liabilities and reserves</td>
<td>313</td>
<td>448</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td><strong>Gross deferred tax assets</strong></td>
<td><strong>$16,068</strong></td>
<td><strong>$24,791</strong></td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(16,068)</td>
<td>(24,791)</td>
</tr>
<tr>
<td><strong>Net deferred taxes</strong></td>
<td><strong>—</strong></td>
<td><strong>—</strong></td>
</tr>
</tbody>
</table>

Realization of deferred tax assets is dependent upon future taxable income, if any. The Company has established a valuation allowance to offset deferred tax assets as of December 31, 2017 and 2018, due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets. The valuation allowance increased by approximately $2.4 million and $8.7 million during the years ended December 31, 2017 and 2018, respectively. The increase in the valuation allowance is mainly related to the increase in net operating loss carryforwards incurred during the respective taxable years.

As of December 31, 2017, and 2018, the Company had federal net operating loss carryforwards of approximately $60.9 million and $95.0 million, respectively. The federal NOL carryforwards generated during and after fiscal 2018 totaling $34.1 million are carried forward indefinitely, while all others along with the federal tax credit carryforwards, expire in years beginning in 2035. As of December 31, 2017 and 2018, the Company had approximately $12.1 million and $12.1 million of state net operating loss carryforwards.
respectively, which begin to expire in 2035 and are available to offset future taxable income. As of December 31, 2017, and 2018, the Company had research and development tax credit carryforwards of approximately $1.7 million and $2.7 million, and approximately $1.4 million and $2.3 million, available to reduce future federal and state income taxes, respectively. Moreover, as of December 31, 2017 and 2018, the Company recorded federal and state reserves of $0.4 million and $0.7 million and approximately $0.3 and $0.6 million, respectively, as uncertain tax positions as of December 31, 2018. If not utilized, the federal credit carryforwards will begin expiring in 2035. The state credits carry forward indefinitely.

Federal and state laws impose substantial restrictions on the utilization of net operating loss and tax credit carryforwards in the event of an ownership change for tax purposes, as defined in Section 382 of the Internal Revenue Code. As a result of such ownership changes, the Company’s ability to realize the potential future benefit of tax losses and tax credits that existed at the time of the ownership change may be significantly reduced. The Company’s deferred tax asset and related valuation allowance would be reduced as a result. The Company has not yet performed a Section 382 study to determine the amount of reduction, if any. The annual limitation may result in the expiration of net operating losses and credits before utilization. Under the new enacted law, the carryforward period of net operating losses generated from 2018 forward is indefinite; however, the carryforward period for net operating losses generated prior to 2018 remains the same. Therefore, the annual limitation may still result in the expiration of certain net operating losses and tax credit carryforwards before their utilization.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits for the years ended December 31, 2017 and 2018 resulting primarily from research and development tax credits claimed on the Company’s annual tax returns were as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$360</td>
<td>$ 789</td>
</tr>
<tr>
<td>Additions on tax positions related to prior years</td>
<td>23</td>
<td>19</td>
</tr>
<tr>
<td>Additions on tax positions related to current year</td>
<td>406</td>
<td>473</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$789</td>
<td>$1,281</td>
</tr>
</tbody>
</table>

The Company does not expect that its uncertain tax positions will materially change in the next twelve months. The reversal of uncertain tax benefits would not impact the Company’s effective tax rate as the Company continues to maintain a full valuation allowance against its deferred tax assets. In accordance with ASC 740, the Company would classify interest and penalties related to uncertain tax positions in income tax expense, if applicable. There was no interest expense or penalties related to unrecognized tax benefits through December 31, 2018.

The Company files income tax returns in the United States, the State of California and the State of Colorado. The Company is not currently under examination by income tax authorities in federal, state or other jurisdictions. All tax returns remain open for examination by federal and state authorities.

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13. Net Loss Per Share

**Historical net loss per share**

The following table sets forth the computation of the basic and diluted net loss per share of the years ended December 31, 2017 and 2018 (in thousands, except share and per share data):

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerator:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$(29,115)</td>
<td>$(36,147)</td>
</tr>
<tr>
<td>Denominator:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average common shares outstanding</td>
<td>5,138,885</td>
<td>5,198,313</td>
</tr>
<tr>
<td>Less: weighted-average unvested restricted common stock subject to repurchase</td>
<td>(1,501,615)</td>
<td>(826,146)</td>
</tr>
<tr>
<td>Less: weighted-average unvested early exercised common shares subject to repurchase</td>
<td>(1,047,171)</td>
<td>(638,345)</td>
</tr>
<tr>
<td>Weighted-average shares used to compute net loss per common share, basic and diluted</td>
<td>2,590,100</td>
<td>3,733,823</td>
</tr>
<tr>
<td>Net loss per share, basic and diluted</td>
<td>$(11.24)</td>
<td>$(9.68)</td>
</tr>
</tbody>
</table>

Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows:

<table>
<thead>
<tr>
<th>December 31,</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convertible preferred stock</td>
<td>75,563,784</td>
<td>98,491,880</td>
</tr>
<tr>
<td>Common stock options issued and outstanding</td>
<td>5,170,094</td>
<td>4,163,209</td>
</tr>
<tr>
<td>Total</td>
<td>80,733,878</td>
<td>102,655,089</td>
</tr>
</tbody>
</table>

**Unaudited pro forma net loss per share**

The following table presents the computation of pro forma basic and diluted net loss per share (in thousands, except share and per share data):

<table>
<thead>
<tr>
<th>For the Year Ended December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerator:</td>
</tr>
<tr>
<td>Net loss</td>
</tr>
<tr>
<td>Denominator:</td>
</tr>
<tr>
<td>Weighted-average shares used to compute net loss per common share, basic and diluted</td>
</tr>
<tr>
<td>Pro forma adjustments to reflect:</td>
</tr>
<tr>
<td>Assumed conversion of convertible preferred stock</td>
</tr>
<tr>
<td>Weighted-average shares used to compute net loss per share, basic and diluted</td>
</tr>
<tr>
<td>Pro forma net loss per share, basic and diluted</td>
</tr>
</tbody>
</table>
14. Subsequent Events

In February 2019, the Company entered into an agreement to sublease its facility lease of 6,378 square feet of laboratory and office space with a related party. The sublease has an initial term of eighteen months, expiring August 2020, with an option to extend by an additional six months.

In March 2019, the Company completed a subsequent closing of Series C-2 convertible preferred stock financing at $2.2925 per share with gross proceeds of $7.0 million.

Management has reviewed and evaluated subsequent events through May 24, 2019, the date the audited financial statements were available to be issued. No subsequent events have been identified for disclosure, other than the subsequent events noted above.
RAPT THERAPEUTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018</th>
<th>March 31, 2019</th>
<th>Pro forma Stockholders’ Equity as of March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$63,798</td>
<td>$61,758</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>1,264</td>
<td>1,466</td>
<td></td>
</tr>
<tr>
<td>Total current assets</td>
<td>65,062</td>
<td>63,224</td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>4,159</td>
<td>4,247</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>389</td>
<td>389</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>$69,610</td>
<td>$67,860</td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities, Convertible Preferred Stock and Stockholders’ Deficit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$1,771</td>
<td>$1,320</td>
<td></td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>2,488</td>
<td>1,681</td>
<td></td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>384</td>
<td>470</td>
<td></td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>4,643</td>
<td>3,471</td>
<td></td>
</tr>
<tr>
<td>Deferred rent, net of current portion</td>
<td>969</td>
<td>2,082</td>
<td></td>
</tr>
<tr>
<td>Commitments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convertible preferred stock, $0.0001 par value:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>104,018,468 shares authorized; 98,491,880 and 101,531,788 shares issued and outstanding at December 31, 2018 and March 31, 2019, respectively; aggregate liquidation preference of $170,000 and $176,969 at December 31, 2018 and March 31, 2019; no shares issued and outstanding, pro forma</td>
<td>161,111</td>
<td>168,058</td>
<td>$ —</td>
</tr>
<tr>
<td>Stockholders’ Deficit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, $0.0001 par value; 119,200,000 shares authorized; 5,270,721 and 4,970,968 shares issued and outstanding at December 31, 2018 and March 31, 2019, respectively; 106,502,756 shares issued and outstanding as of March 31, 2019, pro forma</td>
<td>1</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>22,441</td>
<td>22,884</td>
<td>190,932</td>
</tr>
<tr>
<td>Related party promissory note for the purchase of common stock</td>
<td>(598)</td>
<td>(491)</td>
<td>(491)</td>
</tr>
<tr>
<td>Related party promissory note for the purchase of common stock</td>
<td>(598)</td>
<td>(491)</td>
<td>(491)</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(4)</td>
<td>(4)</td>
<td>(4)</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(118,953)</td>
<td>(128,141)</td>
<td>(128,141)</td>
</tr>
<tr>
<td>Total stockholders’ (deficit) equity</td>
<td>(97,113)</td>
<td>(105,751)</td>
<td>$62,307</td>
</tr>
<tr>
<td>Total liabilities, convertible preferred stock and stockholders’ deficit</td>
<td>$69,610</td>
<td>$67,860</td>
<td></td>
</tr>
</tbody>
</table>

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

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### RAPT THERAPEUTICS, INC.
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**
(In thousands, except share and per share data)
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2018</th>
<th>March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>$7,306</td>
<td>$7,870</td>
</tr>
<tr>
<td>General and administrative</td>
<td>$1,057</td>
<td>$1,674</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>$8,363</td>
<td>$9,544</td>
</tr>
<tr>
<td><strong>Loss from operations</strong></td>
<td>$8,363</td>
<td>$9,544</td>
</tr>
<tr>
<td><strong>Other (income):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (income), net</td>
<td>$(132)</td>
<td>$(356)</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$8,231</td>
<td>$9,188</td>
</tr>
<tr>
<td><strong>Total comprehensive loss</strong></td>
<td>$8,231</td>
<td>$9,188</td>
</tr>
<tr>
<td><strong>Net loss per share, basic and diluted</strong></td>
<td>$2.52</td>
<td>$2.21</td>
</tr>
<tr>
<td>Weighted average number of shares used in computing net loss per share, basic and diluted</td>
<td>3,270,902</td>
<td>4,151,161</td>
</tr>
<tr>
<td><strong>Pro forma net loss per share, basic and diluted</strong></td>
<td></td>
<td>$0.09</td>
</tr>
<tr>
<td>Weighted average number of shares used in computing pro forma net loss per share, basic and diluted</td>
<td></td>
<td>103,049,162</td>
</tr>
</tbody>
</table>

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

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## RAPT THERAPEUTICS, INC.

### CONDENSED CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS’ DEFICIT

(In thousands, except share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Convertible Preferred Stock</th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Related Party Promissory Notes for the Purchase of Common Stock</th>
<th>Accumulated Other Comprehensive Loss</th>
<th>Total Stockholders’ Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at December 31, 2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares</td>
<td>75,563,784</td>
<td>5,281,338</td>
<td>1</td>
<td>21,005</td>
<td>(605)</td>
<td>(62,405)</td>
</tr>
<tr>
<td>Amount</td>
<td>$108,643</td>
<td>$21,005</td>
<td></td>
<td></td>
<td>$82,806</td>
<td></td>
</tr>
<tr>
<td>Issuance cost related to Series C convertible preferred stock</td>
<td>—</td>
<td>(4)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of common stock upon exercise of stock options, net of repurchase</td>
<td>—</td>
<td>30,956</td>
<td>90</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repurchase of common stock from related party</td>
<td>—</td>
<td>(50,000)</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on promissory notes from related parties for purchase of common stock</td>
<td>—</td>
<td>—</td>
<td>(3)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>294</td>
<td></td>
<td>294</td>
</tr>
<tr>
<td>Net loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(8,231)</td>
<td>(8,231)</td>
</tr>
<tr>
<td><strong>Balance at March 31, 2018</strong></td>
<td>75,563,784</td>
<td>5,262,294</td>
<td>1</td>
<td>21,389</td>
<td>(591)</td>
<td>(91,037)</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2018</strong></td>
<td>98,491,880</td>
<td>5,270,721</td>
<td>1</td>
<td>22,441</td>
<td>(598)</td>
<td>(118,953)</td>
</tr>
<tr>
<td>Shares</td>
<td>98,491,880</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount</td>
<td>$161,111</td>
<td>$22,441</td>
<td></td>
<td></td>
<td>$118,953</td>
<td></td>
</tr>
<tr>
<td>Issuance of common stock upon exercise of stock options, net of repurchase</td>
<td>3,039,908</td>
<td>6,947</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repurchase of common stock from related party</td>
<td>—</td>
<td>22,123</td>
<td>66</td>
<td></td>
<td></td>
<td>66</td>
</tr>
<tr>
<td>Interest on promissory notes from related parties for purchase of common stock</td>
<td>—</td>
<td>(321,876)</td>
<td>109</td>
<td></td>
<td></td>
<td>109</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>377</td>
<td></td>
<td>377</td>
</tr>
<tr>
<td>Net loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(9,188)</td>
<td>(9,188)</td>
</tr>
<tr>
<td><strong>Balance at March 31, 2019</strong></td>
<td>101,531,788</td>
<td>4,970,968</td>
<td>1</td>
<td>22,884</td>
<td>(491)</td>
<td>(128,141)</td>
</tr>
<tr>
<td>Shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount</td>
<td>$168,058</td>
<td>$22,884</td>
<td></td>
<td></td>
<td>$128,141</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these condensed consolidated financial statements.
# RAPT THERAPEUTICS, INC.
## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
### (In thousands)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$(8,231)</td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to net cash used in operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>312</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>294</td>
</tr>
<tr>
<td>Noncash interest income (loss), net</td>
<td>(3)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and other long-term assets</td>
<td>134</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(123)</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>$(7,617)</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(437)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(437)</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
</tr>
<tr>
<td>Proceeds from the sale of convertible preferred stock, net of issuance costs</td>
<td>(3)</td>
</tr>
<tr>
<td>Proceeds from issuance of common stock, net of repurchases</td>
<td>90</td>
</tr>
<tr>
<td><strong>Net cash provided by financing activities</strong></td>
<td>87</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>$(7,967)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at beginning of period</strong></td>
<td>47,517</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of period</strong></td>
<td>$39,550</td>
</tr>
</tbody>
</table>

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

F-29
1. Organization and Liquidity Risks

Description of the Business

RAPT Therapeutics, Inc. (“RAPT” or the “Company”), is a clinical-stage, immunology-based biopharmaceutical company focused on discovering, developing and commercializing oral small molecule therapies for patients with significant unmet needs in oncology and inflammatory diseases. Utilizing its proprietary drug discovery and development engine, the Company develops highly selective small molecules that are designed to modulate the critical immune responses underlying these diseases. The Company changed its name from FLX Bio, Inc. to RAPT Therapeutics, Inc. The Company is located in South San Francisco, California.

Liquidity and Management Plans

The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Since inception, the Company has incurred net losses and negative cash flows from operations. During the three months ended March 31, 2019, the Company incurred a net loss of $9.2 million and used $8.6 million of cash in operations. At March 31, 2019, the Company had an accumulated deficit of $128.1 million and does not expect to experience positive cash flows in the foreseeable future.

The Company has historically financed its operations through the sale of convertible preferred stock. The Company has evaluated and concluded there are no conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for a period of one year following the date that these condensed consolidated financial statements are issued. Management expects operating losses to continue for the foreseeable future and, therefore, the Company will need to raise additional capital. If sufficient funds on acceptable terms are not available when needed, the Company could be required to significantly reduce its operating expenses and delay, reduce the scope of or eliminate one or more of its development programs. Failure to manage discretionary spending or raise additional financing, as needed, may adversely impact the Company’s ability to achieve its intended business objectives.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and pursuant to Article 10 of Regulation S-X of the Securities Act of 1933, as amended (Securities Act). Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. These unaudited condensed consolidated financial statements include only normal and recurring adjustments that the Company believes are necessary to fairly state the Company’s financial position and the results of its operations and cash flows. Interim-period results are not necessarily indicative of results of operations or cash flows for a full year or any subsequent interim period. The condensed balance sheet at December 31, 2018 has been derived from audited financial statements at that date but does not include all disclosures required by U.S. GAAP for complete financial statements. Because all of the disclosures required by U.S. GAAP for complete financial statements are not included herein, these unaudited condensed consolidated financial statements and the notes accompanying them should be read in conjunction with our audited consolidated financial statements included elsewhere in this registration statement.
Unaudited Pro Forma Financial Information

The unaudited pro forma condensed consolidated stockholders’ equity as of March 31, 2019 assumes the conversion of all outstanding shares of convertible preferred stock into 101,531,788 shares of common stock immediately prior to the completion of the Company’s planned initial public offering (“IPO”). The shares of common stock issuable and the proceeds expected to be received in the IPO are excluded from such pro forma financial information. Pro forma basic and diluted net loss per share has been computed to give effect to the conversion of all outstanding convertible preferred stock into shares of common stock. The unaudited pro forma net loss per share does not include the shares expected to be sold and related proceeds to be received from the initial public offering. The unaudited pro forma net loss per share for the three months ended March 31, 2019 was computed using the weighted-average number of shares of common stock outstanding, including the pro forma effect of the conversion of all outstanding shares of convertible preferred stock into shares of common stock, as if such conversion had occurred at the beginning of the period, or their issuance dates, if later.

Deferred Offering Costs

Deferred offering costs consisting of direct legal, accounting, printing and other fees and costs directly attributable to the Company’s planned IPO will be offset against IPO proceeds upon the consummation of the offering. In the event the planned IPO is terminated, all of the deferred offering costs will be expensed. No deferred offering costs were capitalized as of March 31, 2019.

Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period, without consideration of potential dilutive securities. Diluted net loss per common share is computed by dividing the net loss by the sum of the weighted average number of common shares outstanding during the period plus the potential dilutive effects of potential dilutive securities outstanding during the period calculated in accordance with the treasury stock method. Diluted net loss per share is the same as basic net loss per share since the effect of potentially dilutive securities is anti-dilutive.

Recent Accounting Pronouncements

The Company has reviewed recent accounting pronouncements and concluded that, other than those presented in the audited financial statements included in this registration statement, the pronouncements are either not applicable to the business or no material impact is expected on the financial statements as a result of adoption at the effective date.

3. Fair Value Measurements

Fair value accounting is applied for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Financial instruments include cash and cash equivalents, accounts payable and accrued liabilities that approximate fair value due to their relatively short maturities.

Assets and liabilities recorded at fair value on a recurring basis in the balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between
market participants on the measurement date. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

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

Level 3—Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

Financial assets subject to fair value measurements on a recurring basis comprise money market funds that are measured using Level 1 inputs. The money market funds subject to fair value measurements at December 31, 2018 and March 31, 2019 were $63.8 million and $61.8 million, respectively, and are included in cash and cash equivalents.

4. Property and Equipment

Property and equipment consisted of the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018</th>
<th>March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laboratory equipment</td>
<td>$5,466</td>
<td>$5,553</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>2,989</td>
<td>3,294</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>308</td>
<td>336</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>365</td>
<td>364</td>
</tr>
<tr>
<td>Total property and equipment</td>
<td>9,128</td>
<td>9,547</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(4,969)</td>
<td>(5,300)</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$4,159</td>
<td>$4,247</td>
</tr>
</tbody>
</table>

Depreciation and amortization expense were $0.3 million and $0.3 million for the three months ended March 31, 2018 and 2019, respectively.

5. Accrued Expenses

Accrued expenses consist of the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018</th>
<th>March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued clinical expenses</td>
<td>$519</td>
<td>$539</td>
</tr>
<tr>
<td>Accrued compensation</td>
<td>1,433</td>
<td>753</td>
</tr>
<tr>
<td>Accrued professional and consulting services</td>
<td>182</td>
<td>332</td>
</tr>
<tr>
<td>Accrued property and equipment</td>
<td>202</td>
<td>—</td>
</tr>
<tr>
<td>Accrued lab supplies</td>
<td>80</td>
<td>37</td>
</tr>
<tr>
<td>Other</td>
<td>72</td>
<td>20</td>
</tr>
<tr>
<td>Total accrued expenses</td>
<td>$2,488</td>
<td>$1,681</td>
</tr>
</tbody>
</table>
6. Related-Party Promissory Notes

In August 2015 and June 2016, the Company entered into limited recourse promissory notes with the Company’s chief executive officer and chief operating officer for the purchase of restricted common stock. The principal amount of the loan with the Company’s chief executive officer was $0.3 million. The principal amount of the loan with the Company’s chief operating officer was $0.3 million. The loans are secured by the shares of common stock of the Company held by the individuals. The loans accrue interest at a rate of 1.82% and 1.41% per annum, respectively, and are due upon the earlier of voluntary termination of services to the Company, filing by the Company of its first registration statement with the Securities and Exchange Commission under the Securities Act of 1933, or sale of substantially all of the Company’s assets. In March 2018, the Board of Directors reduced the number of performance based options of its former chief operating officer by 50,000 shares resulting in a $17,000 reduction to the promissory note. As part of the separation agreement resulting from the chief operating officer’s resignation in March 2019, there were 378,124 vested shares and 171,876 unvested shares subject to repurchase. In March 2019 the Company reduced $109,438 of principal on the promissory note, relating to the unvested shares, which were cancelled and returned to the option pool. As of December 31, 2018 and March 31, 2019, the total outstanding balances under these notes, including accrued interest, were approximately $0.6 million and $0.5 million, respectively. Subsequent to March 31, 2019, the Company repurchased 178,124 vested shares from the chief operating officer in exchange for canceling $65,231 of principal and interest on the promissory note. The Company received cash proceeds of $73,005 for the remaining 200,000 vested shares issued to the chief operating officer. The notes are recorded within stockholders’ deficit.

7. Convertible Preferred Stock and Stockholders’ Deficit

Convertible preferred stock

In June 2018, the Company completed a subsequent closing of the Series C convertible preferred stock financing at $2.2925 per share for $29.9 million in gross proceeds. Additionally, in December 2018, the Company completed a Series C-2 convertible preferred stock financing at $2.2925 per share for $22.6 million in gross proceeds, and between January 2019 and March 2019, the Company completed subsequent closings of Series C-2 convertible preferred stock financing at $2.2925 per share for $7.0 million in gross proceeds.

As of March 31, 2019, convertible preferred stock consisted of the following (in thousands, except share amounts):

<table>
<thead>
<tr>
<th>Series</th>
<th>Shares Authorized</th>
<th>Shares Issued and Outstanding</th>
<th>Net Carrying Value</th>
<th>Aggregate Liquidation Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A</td>
<td>37,509,105</td>
<td>37,509,105</td>
<td>$28,862</td>
<td>$37,509</td>
</tr>
<tr>
<td>Series B</td>
<td>25,000,000</td>
<td>25,000,000</td>
<td>49,926</td>
<td>50,000</td>
</tr>
<tr>
<td>Series C</td>
<td>26,109,363</td>
<td>26,109,363</td>
<td>59,770</td>
<td>59,856</td>
</tr>
<tr>
<td>Series C-2</td>
<td>15,400,000</td>
<td>12,913,320</td>
<td>29,500</td>
<td>29,604</td>
</tr>
<tr>
<td>Total</td>
<td>104,018,468</td>
<td>101,531,788</td>
<td>$168,058</td>
<td>$176,969</td>
</tr>
</tbody>
</table>

8. Common Stock

The holders of the Company’s common stock have one vote for each share of common stock held by them. Holders of shares of the Company’s common stock are entitled to dividends when, as and if declared by the Board of Directors, subject to the prior rights of the holders of convertible preferred stock. As of December 31, 2018 and March 31, 2019, no dividends had been declared.
As of March 31, 2019, the Company had reserved the following shares of common stock, on an as-converted basis, for future issuance as follows:

<table>
<thead>
<tr>
<th>Shares Reserved</th>
<th>As of March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A convertible preferred stock outstanding</td>
<td>37,509,105</td>
</tr>
<tr>
<td>Series B convertible preferred stock outstanding</td>
<td>25,000,000</td>
</tr>
<tr>
<td>Series C convertible preferred stock outstanding</td>
<td>26,109,363</td>
</tr>
<tr>
<td>Series C-2 convertible preferred stock outstanding</td>
<td>15,400,000</td>
</tr>
<tr>
<td>Options issued and outstanding</td>
<td>5,829,091</td>
</tr>
<tr>
<td>Options available for future grants</td>
<td>3,243,269</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>113,090,828</strong></td>
</tr>
</tbody>
</table>

### 9. Stock Option Plan

In 2015, the Company adopted the FLX Bio, Inc. 2015 Stock Plan (the 2015 Plan) for eligible employees, officers, directors, advisors and consultants, which provides for the grant of incentive and non-statutory stock options and restricted shares of common stock. Terms of the stock option agreements, including vesting requirements, are determined by the Board of Directors, subject to the provisions of the 2015 Plan. Options granted generally vest over four years and expire no later than ten years from the date of grant. The estimated fair value of the underlying common stock is determined by the Board of Directors. The exercise price of the incentive stock options must be equal to or greater than the estimated fair value of the underlying common stock on the date of grant.

The following summarizes option activity under the 2015 Plan:

<table>
<thead>
<tr>
<th>Shares Available</th>
<th>Number of Shares Outstanding</th>
<th>Weighted Average Exercise Price Per Share</th>
<th>Weighted Average Remaining Contractual Term (Years)</th>
<th>Aggregate Intrinsic Value (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances at December 31, 2018</td>
<td>4,163,209</td>
<td>4,609,398</td>
<td>$0.77</td>
<td>8.84</td>
</tr>
<tr>
<td>Stock options granted</td>
<td>(1,334,650)</td>
<td>1,334,650</td>
<td>1.05</td>
<td></td>
</tr>
<tr>
<td>Stock options exercised</td>
<td>(27,374)</td>
<td>(27,374)</td>
<td>0.71</td>
<td></td>
</tr>
<tr>
<td>Unvested common shares repurchased</td>
<td>327,127</td>
<td>—</td>
<td>0.20</td>
<td></td>
</tr>
<tr>
<td>Stock options forfeited</td>
<td>87,583</td>
<td>(87,583)</td>
<td>0.60</td>
<td></td>
</tr>
<tr>
<td>Balances at March 31, 2019</td>
<td>3,243,269</td>
<td>5,829,091</td>
<td>$0.83</td>
<td>8.92</td>
</tr>
<tr>
<td>Vested and expected to vest at March 31, 2019</td>
<td></td>
<td>5,829,091</td>
<td>8.84</td>
<td>$5,641</td>
</tr>
<tr>
<td>Exercisable at March 31, 2019</td>
<td>1,654,720</td>
<td>8.30</td>
<td>$1,927</td>
<td></td>
</tr>
</tbody>
</table>

The aggregate intrinsic values of options outstanding, exercisable, vested and expected to vest were calculated as the difference between the exercise price of the options and the estimated fair value of the Company’s common stock, as determined by the Board of Directors, as of December 31, 2018 and March 31, 2019.

During the three months ended March 31, 2018, the Company granted 2.6 million stock options to purchase shares of common stock with a weighted-average grant date fair value of $0.72 per share and a weighted-average exercise price of $1.03 share. The grant date fair value of those awards was $1.9 million. During the three months ended March 31, 2019, the Company granted 1.3 million stock options to purchase shares of common stock with a weighted-average grant date fair value of $1.41 per share and a weighted-average exercise price of $8.84 per share. The grant date fair value of those awards was $5.6 million.
exercise price of $1.05 per share. The weighted average fair value of the common stock on the grant dates was $1.80 per share. The grant date fair value of those awards was $1.9 million. The intrinsic value of options exercised during the three months ended March 31, 2018 and 2019 was $13,000 and $35,000, respectively. The fair value of the 0.7 million and 1.0 million stock options vested during the three months ended March 31, 2018 and 2019 was $0.3 million and $0.6 million, respectively.

The Company had 150,000 shares of performance-based stock options to its chief operating officer outstanding as of December 31, 2018. As of December 31, 2018, the Company had not recognized any of the related stock-based compensation expense, as vesting of the awards was not determined to be probable. As a result of the chief operating officer’s resignation in March 2019, these performance-based stock options were forfeited and returned to the 2015 Plan.

Employee stock option valuation

The assumptions used to value employee and director stock option awards granted under the 2015 Plan during the three months ended March 31, 2019 and 2018, using the Black-Scholes option pricing model, were as follows:

<table>
<thead>
<tr>
<th>For the Three Months Ended March 31,</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of common stock</td>
<td>$1.03</td>
<td>$1.80</td>
</tr>
<tr>
<td>Expected term (in years)</td>
<td>5.67 - 6.08</td>
<td>5.96 - 6.05</td>
</tr>
<tr>
<td>Volatility</td>
<td>80.69% - 80.89%</td>
<td>83.00% - 83.25%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>2.62% - 2.64%</td>
<td>2.23%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Stock options granted to nonemployees

Stock-based compensation related to stock options granted to non-employees is recognized as the services are rendered. The assumptions used to value non-employee stock option awards granted under the 2015 Plan during the three months ended March 31, 2018 and 2019, using the Black-Scholes option pricing model, were as follows:

<table>
<thead>
<tr>
<th>For the Three Months Ended March 31,</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected term (in years)</td>
<td>7.10 - 10.00</td>
<td>6.10 - 10.00</td>
</tr>
<tr>
<td>Volatility</td>
<td>78.29% - 85.47%</td>
<td>78.29% - 85.47%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>1.32% - 2.86%</td>
<td>1.32% - 3.19%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

During the three months ended March 31, 2018 and 2019, the Company did not grant options to nonemployee consultants and recognized expenses of $29,000 and $26,000 for previous option grants, respectively.

Early exercise of stock options

The terms of the 2015 Plan permit option holders to exercise stock options before they are vested, subject to certain limitations. Such unvested shares are subject to repurchase by the Company at the original exercise price in the event the option holder’s service to the Company is terminated either voluntarily or involuntarily. As a result of early exercises under the 2015 Plan, approximately 1.0 million and 0.4 million shares...
were subject to repurchase as of December 31, 2018 and March 31, 2019, respectively. The Company treats cash received from the exercise of unvested options as a refundable deposit and classifies such amounts as a liability in its balance sheet. As of December 31, 2018 and March 31, 2019, the Company included cash received for the early exercise of unvested options of $0.2 million and $0.1 million, respectively, in other current liabilities. Amounts included in liabilities are transferred into common stock and additional paid-in capital as the shares vest, which is generally over a period of 48 months and may include a one-year cliff.

Stock-based compensation expense

Total stock-based compensation recognized for both employees and non-employees was as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>For the Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Research and development</td>
<td>143</td>
</tr>
<tr>
<td>General and administrative</td>
<td>151</td>
</tr>
<tr>
<td>Total stock-based compensation expense</td>
<td>$294</td>
</tr>
</tbody>
</table>

As of March 31, 2019, unrecognized stock-based compensation cost related to outstanding unvested stock options that are expected to vest was $2.6 million. This unrecognized stock-based compensation cost is expected to be recognized over 2.12 years.

10. Income Taxes

The Company did not record a provision for income taxes for the three months ended March 31, 2019, because the Company has been in a net loss position since inception and expects such losses to continue for the foreseeable future. In addition, the deferred tax assets continue to be subject to a full valuation allowance.

11. Net Loss Per Share

Historical net loss per share

The following table sets forth the computation of the basic and diluted net loss per share for the three months ended March 31, 2018 and 2019 (in thousands, except share and per share data):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (8,231)</td>
</tr>
<tr>
<td>Denominator:</td>
<td></td>
</tr>
<tr>
<td>Weighted average common shares outstanding</td>
<td>5,233,009</td>
</tr>
<tr>
<td>Less: weighted-average unvested restricted common stock subject to repurchase</td>
<td>(1,142,396)</td>
</tr>
<tr>
<td>Less: weighted-average unvested common shares subject to repurchase</td>
<td>(819,711)</td>
</tr>
<tr>
<td>Weighted-average shares used to compute net loss per share, basic and diluted</td>
<td>3,270,902</td>
</tr>
<tr>
<td>Net loss per share, basic and diluted</td>
<td>$ (2.52)</td>
</tr>
</tbody>
</table>
Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convertible preferred stock</td>
<td>75,563,784</td>
<td>101,531,788</td>
</tr>
<tr>
<td>Common stock options issued and outstanding</td>
<td>2,091,896</td>
<td>5,829,091</td>
</tr>
<tr>
<td>Total</td>
<td>77,655,680</td>
<td>107,360,879</td>
</tr>
</tbody>
</table>

**Unaudited pro forma net loss per share**

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

<table>
<thead>
<tr>
<th></th>
<th>For the Three Months Ended March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerator: Net loss</td>
<td>$ (9,188)</td>
</tr>
<tr>
<td>Denominator: Weighted-average shares used to compute net loss per share, basic and diluted</td>
<td>4,151,161</td>
</tr>
<tr>
<td>Pro forma adjustments to reflect:</td>
<td></td>
</tr>
<tr>
<td>Assumed conversion of convertible preferred stock</td>
<td>98,898,002</td>
</tr>
<tr>
<td>Weighted-average shares used to compute pro forma net loss per share, basic and diluted</td>
<td>103,049,162</td>
</tr>
<tr>
<td>Pro forma net loss per share, basic and diluted</td>
<td>$ (0.09)</td>
</tr>
</tbody>
</table>

**12. Subsequent Events**

In June 2019, the Company sold 3,271,537 shares of Series C-2 convertible preferred stock at $2.2925 per share for net proceeds for $7.5 million.

In June 2019, the Company forgave $353,951, which was the entire amount of principal and accrued interest due on the note, of principal and interest due on the note from its president and chief executive officer.

For purposes of the condensed consolidated financial statements as of March 31, 2019 and the three months then ended, the Company has evaluated subsequent events through July 5, 2019. No subsequent events other than the above have been identified for disclosure.

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Through and including , 2019, (the 25th day after the date of this prospectus), all dealers effecting transactions in the common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer’s obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Shares

Common Stock

PROSPECTUS

BofA Merrill Lynch

Wells Fargo Securities

BMO Capital Markets

UBS Investment Bank

, 2019
PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table indicates the expenses to be incurred in connection with the offering described in this registration statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimated except the SEC registration fee, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filing fee and the exchange listing fee.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEC registration fee</td>
<td>$10,454</td>
</tr>
<tr>
<td>FINRA filing fee</td>
<td>13,438</td>
</tr>
<tr>
<td>Exchange listing fee</td>
<td>*</td>
</tr>
<tr>
<td>Accountants’ fees and expenses</td>
<td>*</td>
</tr>
<tr>
<td>Legal fees and expenses</td>
<td>*</td>
</tr>
<tr>
<td>Transfer agent’s fees and expenses</td>
<td>*</td>
</tr>
<tr>
<td>Printing and engraving expenses</td>
<td>*</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>*</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$</strong></td>
</tr>
</tbody>
</table>

* To be provided by amendment.


Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation’s board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act. Our amended and restated certificate of incorporation that will be in effect upon the closing of this offering permits indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law, and our amended and restated bylaws that will be in effect on the closing of this offering provide that we will indemnify our directors and officers and permit us to indemnify our employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law.

We have entered into indemnification agreements with our directors and officers, whereby we have agreed to indemnify our directors and officers to the fullest extent permitted by law, including indemnification against expenses and liabilities incurred in legal proceedings to which the director or officer was, or is threatened to be made, a party by reason of the fact that such director or officer is or was a director, officer, employee or agent of RAPT Therapeutics, Inc., provided that such director or officer acted in good faith and in a manner that the director or officer reasonably believed to be in, or not opposed to, the best interest of RAPT Therapeutics, Inc. At present, there is no pending litigation or proceeding involving a director or officer of RAPT Therapeutics, Inc. regarding which indemnification is sought, nor is the registrant aware of any threatened litigation that may result in claims for indemnification.

We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Exchange Act that might be incurred by any director or officer in his or her capacity as such.
Item 15. Recent Sales of Unregistered Securities.

Since January 1, 2016, we have issued the following unregistered securities:

Sales of Preferred Stock

(1) In April 2016, we sold an aggregate of 25,000,000 shares of Series B preferred stock to a total of 9 accredited investors at a purchase price per share of $2.00 for an aggregate purchase price of $50 million.

(2) In December 2017 and June 2018, we sold an aggregate of 26,109,363 shares of Series C preferred stock to a total of 10 accredited investors at a purchase price per share of $2.2925 for an aggregate purchase price of approximately $59.9 million.

(3) In December 2018, from January through March 2019 and in June 2019, we sold an aggregate of 16,184,857 shares of Series C-2 convertible preferred stock to a total of 24 accredited investors at a purchase price per share of $2.2925 for an aggregate purchase price of approximately $37.1 million.

Option and Common Stock Issuances

(1) From January 1, 2016 through June 30, 2019, we granted to certain employees, consultants and directors options to purchase an aggregate of 8,920,444 shares of our common stock under our 2015 Plan at exercise prices ranging from $0.17 to $2.27 per share. In addition, in June 2019 we granted to certain employees, consultants and directors options to purchase an aggregate of 1,038,500 shares, with an exercise price equal to the price per share to the public in this offering.

(2) From January 1, 2016 through June 30, 2019, we issued an aggregate of 1,759,536 shares of our common stock upon the exercise of options granted under our 2015 Plan, at exercise prices ranging from $0.17 to $1.03 per share, for an aggregate exercise price of $0.5 million.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act (and Regulation D or Regulation S promulgated thereunder) or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to, or for sale in connection with, any distribution thereof, and appropriate legends were placed on the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.


(a) Exhibits.

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description of Exhibit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1*</td>
<td>Form of Underwriting Agreement.</td>
</tr>
<tr>
<td>3.1</td>
<td>Amended and Restated Certificate of Incorporation of RAPT Therapeutics, Inc., as currently in effect.</td>
</tr>
<tr>
<td>3.2</td>
<td>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of RAPT Therapeutics, Inc., dated May 20, 2019, as currently in effect.</td>
</tr>
</tbody>
</table>

II-2
<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description of Exhibit</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3</td>
<td>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of RAPT Therapeutics, Inc., dated June 6, 2019, as currently in effect.</td>
</tr>
<tr>
<td>3.4</td>
<td>Form of Amended and Restated Certificate of Incorporation of RAPT Therapeutics, Inc., to be effective upon the completion of this offering.</td>
</tr>
<tr>
<td>3.5</td>
<td>Bylaws of RAPT Therapeutics, Inc., as currently in effect.</td>
</tr>
<tr>
<td>3.6</td>
<td>Form of Amended and Restated Bylaws of RAPT Therapeutics, Inc., to be effective on the completion of this offering.</td>
</tr>
<tr>
<td>4.1*</td>
<td>Form of common stock certificate of RAPT Therapeutics, Inc.</td>
</tr>
<tr>
<td>5.1*</td>
<td>Opinion of Cooley LLP.</td>
</tr>
<tr>
<td>10.1</td>
<td>Amended and Restated Investors’ Rights Agreement by and among RAPT Therapeutics, Inc. and certain of its stockholders, dated December 18, 2018.</td>
</tr>
<tr>
<td>10.2+</td>
<td>RAPT Therapeutics, Inc. 2015 Stock Plan, as amended.</td>
</tr>
<tr>
<td>10.3+</td>
<td>Forms of Stock Option Agreement, Notice of Stock Option Grant and Notice of Stock Option Exercise under the 2015 Stock Plan.</td>
</tr>
<tr>
<td>10.4++</td>
<td>RAPT Therapeutics, Inc. 2019 Equity Incentive Plan.</td>
</tr>
<tr>
<td>10.5++</td>
<td>Forms of Stock Option Agreement, Notice of Stock Option Grant and Notice of Stock Option Exercise under the 2019 Equity Incentive Plan.</td>
</tr>
<tr>
<td>10.6++</td>
<td>Form of Restricted Stock Unit Award Agreement under the 2019 Equity Incentive Plan.</td>
</tr>
<tr>
<td>10.7++</td>
<td>RAPT Therapeutics, Inc. 2019 Employee Stock Purchase Plan.</td>
</tr>
<tr>
<td>10.8++</td>
<td>Form of Indemnification Agreement by and between RAPT Therapeutics, Inc. and each of its directors and executive officers.</td>
</tr>
<tr>
<td>10.10++</td>
<td>First Amendment to Employee Offer Letter, by and between Brian Wong and RAPT Therapeutics, Inc., dated March 1, 2018.</td>
</tr>
<tr>
<td>10.12++</td>
<td>Change in Control Agreement, by and between William Ho and RAPT Therapeutics, Inc., dated May 26, 2016.</td>
</tr>
<tr>
<td>10.13++</td>
<td>First Amendment to Change in Control Agreement, by and between William Ho and RAPT Therapeutics, Inc., dated March 1, 2018.</td>
</tr>
<tr>
<td>10.17++</td>
<td>Amendment to the Separation and Consulting Agreement, by and between Rekha Hemrajani and RAPT Therapeutics, Inc., dated April 30, 2019.</td>
</tr>
<tr>
<td>10.18++</td>
<td>Board of Directors Agreement, by and between Linda Kozick and RAPT Therapeutics, Inc., dated November 15, 2016.</td>
</tr>
</tbody>
</table>
## Table of Contents

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description of Exhibit</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.21</td>
<td>Lease, by and between HCP, Inc. and Flexus Biosciences, Inc., dated October 10, 2014.</td>
</tr>
<tr>
<td>10.22</td>
<td>First Amendment to Lease, by and between HCP, Inc. and RAPT Therapeutics, Inc., dated April 29, 2015.</td>
</tr>
<tr>
<td>10.23</td>
<td>Second Amendment to Lease, by and between HCP, Inc. and RAPT Therapeutics, Inc., dated April 16, 2018.</td>
</tr>
<tr>
<td>10.24</td>
<td>Third Amendment to Lease, by and between HCP, Inc. and RAPT Therapeutics, Inc., dated December 13, 2018.</td>
</tr>
<tr>
<td>10.25#</td>
<td>Clinical Trial Collaboration and Supply Agreement, dated as of November 1, 2018, by and between MSD International GmbH and RAPT Therapeutics, Inc.</td>
</tr>
<tr>
<td>10.26*+</td>
<td>Non-Employee Director Compensation Policy</td>
</tr>
<tr>
<td>23.1</td>
<td>Consent of independent registered public accounting firm.</td>
</tr>
<tr>
<td>23.2*</td>
<td>Consent of Cooley LLP (included in Exhibit 5.1).</td>
</tr>
<tr>
<td>24.1</td>
<td>Power of Attorney. Reference is made to the signature page hereof.</td>
</tr>
</tbody>
</table>

* To be filed by amendment.
+ Indicates management contract or compensatory plan.
# Portions of this exhibit (indicated by asterisks) have been omitted as the registrant has determined that (i) the omitted information is not material and (ii) the omitted information would likely cause competitive harm to the registrant if publicly disclosed.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

### Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. If a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of South San Francisco, State of California, on July 5, 2019.

RAPT THERAPEUTICS, INC.

By: /s/ Brian Wong, M.D., Ph.D.

Brian Wong, M.D., Ph.D.
President and Chief Executive Officer

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POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Brian Wong and Eric Hall, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by this registration statement that is to be effective on filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ Brian Wong, M.D., Ph.D.</td>
<td>President, Chief Executive Officer and Director (Principal Executive Officer)</td>
<td>July 5, 2019</td>
</tr>
<tr>
<td>/s/ Eric Hall</td>
<td>Interim Chief Financial Officer and Secretary (Principal Financial Officer)</td>
<td>July 5, 2019</td>
</tr>
<tr>
<td>/s/ Karen C. Lam</td>
<td>Vice President, Finance and Corporate Controller (Principal Accounting Officer)</td>
<td>July 5, 2019</td>
</tr>
<tr>
<td>/s/ William Rieflin</td>
<td>Chair of the Board of Directors</td>
<td>July 5, 2019</td>
</tr>
<tr>
<td>/s/ Michael F. Giordano, M.D.</td>
<td>Director</td>
<td>July 5, 2019</td>
</tr>
<tr>
<td>/s/ David V. Goeddel, Ph.D.</td>
<td>Director</td>
<td>July 5, 2019</td>
</tr>
<tr>
<td>/s/ Linda Kozick</td>
<td>Director</td>
<td>July 5, 2019</td>
</tr>
</tbody>
</table>
Exhibit 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
FLX BIO, INC.
(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

FLX Bio, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "General Corporation Law").

DOES HEREBY CERTIFY:

FIRST: That the name of this corporation is FLX Bio, Inc. and that this corporation was originally incorporated pursuant to the General Corporation Law on March 4, 2015 under the name FLX Bio, Inc.

SECOND: That the Board of Directors duly adopted resolutions proposing to amend and restate the Restated Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Restated Certificate of Incorporation of this corporation be amended and restated in its entirety as follows:

ARTICLE I

The name of this corporation is FLX Bio, Inc.

ARTICLE II

The address of the registered office of this corporation in the State of Delaware is 3500 South DuPont Highway, in the City of Dover, County of Kent, 19901. The name of its registered agent at such address is Incorporating Services, Ltd.

ARTICLE III

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.
ARTICLE IV

A. Authorization of Stock. This corporation is authorized to issue two classes of stock to be designated, respectively, common stock and preferred stock. The total number of shares that this corporation is authorized to issue is 223,218,468. The total number of shares of common stock authorized to be issued is 119,200,000, par value $0.0001 per share (the “Common Stock”). The total number of shares of preferred stock authorized to be issued is 104,018,468, par value $0.0001 per share (the “Preferred Stock”), of which 15,400,000 shares are designated as “Series C-2 Preferred Stock,” 26,109,363 shares are designated as “Series C Preferred Stock,” 25,000,000 shares are designated as “Series B Preferred Stock” and 37,509,105 shares are designated as “Series A Preferred Stock”.

B. Rights, Preferences and Restrictions of Preferred Stock. The rights, preferences, privileges and restrictions granted to and imposed on the Preferred Stock are as set forth below in this Article IV(B).


   (a) The holders of shares of Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock of this corporation) on the Common Stock of this corporation, at the applicable Dividend Rate (as defined below), payable when, as and if declared by the Board of Directors. Such dividends shall not be cumulative. The holders of the outstanding Preferred Stock can waive any dividend preference that such holders shall be entitled to receive under this Section 1 upon the affirmative vote or written consent of the holders of at least fifty-five percent (55%) of the shares of Preferred Stock then outstanding (voting together as a single class and not as separate series, and on an as-converted basis). For purposes of this subsection 1(a), “Dividend Rate” shall mean $0.08 per annum for each share of Series A Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like), $0.16 per annum for each share of Series B Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like), $0.18 per annum for each share of Series C Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like), and $0.18 per annum for each share of Series C-2 Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like).

   (b) After payment of such dividends, any additional dividends or distributions shall be distributed among all holders of Common Stock and Preferred Stock in proportion to the number of shares of Common Stock that would be held by each such holder if all shares of Preferred Stock were converted to Common Stock at the then effective Conversion Rate (as defined below).
2. **Liquidation Preference.**

(a) In the event of any Liquidation Event (as defined below), either voluntary or involuntary, the holders of each series of Preferred Stock shall be entitled to receive out of the proceeds or assets of this corporation available for distribution to its stockholders (the “Proceeds”), prior and in preference to any distribution of the Proceeds of such Liquidation Event to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the sum of the applicable Original Issue Price (as defined below) for such series of Preferred Stock, plus declared but unpaid dividends on such share. If, upon the occurrence of such event, the Proceeds thus distributed among the holders of the Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire Proceeds legally available for distribution shall be distributed ratably among the holders of the Preferred Stock in proportion to the full preferential amount that each such holder is otherwise entitled to receive under this subsection (a). For purposes of this Restated Certificate of Incorporation, “Original Issue Price” shall mean $1.00 per share for each share of the Series A Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to such series of Preferred Stock), $2.00 per share for each share of the Series B Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to such series of Preferred Stock), $2.2925 per share for each share of the Series C Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to such series of Preferred Stock) and $2.2925 per share for each share of the Series C-2 Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like with respect to such series of Preferred Stock).

(b) Upon completion of the distribution required by subsection (a) of this Section 2, all of the remaining Proceeds available for distribution to stockholders shall be distributed among the holders of Common Stock pro rata based on the number of shares of Common Stock held by each.

(c) Notwithstanding the above, for purposes of determining the amount each holder of shares of Preferred Stock is entitled to receive with respect to a Liquidation Event, each such holder of shares of a series of Preferred Stock shall be deemed to have converted (regardless of whether such holder actually converted) such holder’s shares of such series into shares of Common Stock immediately prior to the Liquidation Event if, as a result of an actual conversion, such holder would receive, in the aggregate, an amount greater than the amount that would be distributed to such holder if such holder did not convert such series of Preferred Stock into shares of Common Stock. If any such holder shall be deemed to have converted shares of Preferred Stock into Common Stock pursuant to this paragraph, then such holder shall not be entitled to receive any distribution that would otherwise be made to holders of Preferred Stock that have not converted (or have not been deemed to have converted) into shares of Common Stock.

(d) (i) For purposes of this Section 2, a “Liquidation Event” shall include (A) the closing of the sale, transfer, exclusive license or other disposition of all or substantially all of this corporation’s assets or intellectual property in one transaction or a series of related transactions, (B) the consummation of the merger or consolidation of this corporation with or into another entity (except a merger or consolidation in which the holders of capital stock of this corporation immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of this corporation or the surviving or acquiring entity),
(C) the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of this corporation’s securities), of this corporation’s securities if, after such closing, such person or group of affiliated persons would hold 50% or more of the outstanding voting stock of this corporation (or the surviving or acquiring entity) or (D) a liquidation, dissolution or winding up of this corporation; provided, however, that a transaction shall not constitute a Liquidation Event if its sole purpose is to change the state of this corporation’s incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held this corporation’s securities immediately prior to such transaction. Notwithstanding the prior sentence, the sale of shares of Series C Preferred Stock in a financing transaction shall not be deemed a “Liquidation Event.” The treatment of any particular transaction or series of related transactions as a Liquidation Event may be waived by the vote or written consent of the holders of at least fifty-five percent (55%) of the outstanding Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis).

(ii) In any Liquidation Event, if Proceeds received by this corporation or its stockholders is other than cash, its value will be deemed its fair market value. Any securities shall be valued as follows:

(A) Securities not subject to investment letter or other similar restrictions on free marketability covered by (B) below:

   1. If traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the twenty (20) trading-day period ending three (3) trading days prior to the closing of the Liquidation Event;

   2. If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the twenty (20) trading-day period ending three (3) trading days prior to the closing of the Liquidation Event; and

   3. If there is no active public market, the value shall be the fair market value thereof, as mutually determined by this corporation and the holders of at least fifty-five percent (55%) of the voting power of all then outstanding shares of Preferred Stock.

(B) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder’s status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (A)(1), (2) or (3) to reflect the approximate fair market value thereof, as mutually determined by this corporation and the holders of at least fifty-five percent (55%) of the voting power of all then outstanding shares of such Preferred Stock.

(C) The foregoing methods for valuing non-cash consideration to be distributed in connection with a Liquidation Event shall, with the appropriate approval of the definitive agreements governing such Liquidation Event by the stockholders under the General Corporation Law and Section 6 of this Article IV(B), be superseded by the determination of such value set forth in the definitive agreements governing such Liquidation Event.
(iii) In the event the requirements of this Section 2 are not complied with, this corporation shall forthwith either:

(A) cause the closing of such Liquidation Event to be postponed until such time as the requirements of this Section 2 have been complied with; or

(B) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in subsection 2(d)(iv) hereof.

(iv) This corporation shall give each holder of record of Preferred Stock written notice of such impending Liquidation Event not later than twenty (20) days prior to the stockholders’ meeting called to approve such transaction, or twenty (20) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section 2, and this corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after this corporation has given the first notice provided for herein or sooner than ten (10) days after this corporation has given notice of any material changes provided for herein; provided, however, that subject to compliance with the General Corporation Law such periods may be shortened or waived upon the written consent of the holders of Preferred Stock that represent at least fifty-five percent (55%) of the voting power of all then outstanding shares of such Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis).

3. Redemption.

   The Preferred Stock is not redeemable at the option of the holder thereof.

4. Conversion. The holders of the Preferred Stock shall have conversion rights as follows (the “Conversion Rights”):

   (a) Right to Convert. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of this corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the applicable Original Issue Price for such series by the applicable Conversion Price for such series (the conversion rate for a series of Preferred Stock into Common Stock is referred to herein as the “Conversion Rate” for such series), determined as hereafter provided, in effect on the date the certificate is surrendered for conversion. The initial Conversion Price per share for each series of Preferred Stock shall be the Original Issue Price applicable to such series; provided, however, that the Conversion Price for the Preferred Stock shall be subject to adjustment as set forth in subsection 4(d).
(b) **Automatic Conversion.** Each share of Preferred Stock shall automatically be converted into shares of Common Stock at the Conversion Rate at the time in effect for such series of Preferred Stock immediately upon the earlier of (i) the closing of this corporation’s sale of its Common Stock in a firm commitment underwritten public offering pursuant to a registration statement on Form S-1 under the Securities Act of 1933, as amended, provided that (A) the public offering price is at least $2.2925 per share (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof) and (B) the gross proceeds to the corporation are not less than $30,000,000 (a “Qualified Public Offering”) or (ii) the date, or the occurrence of an event, specified by vote or written consent or agreement of the holders of at least fifty-five percent (55%) of the then outstanding shares of Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis) (a “Stockholder Automatic Conversion”).

(c) **Mechanics of Conversion.** Before any holder of Preferred Stock shall be entitled to voluntarily convert the same into shares of Common Stock, he or she shall surrender the certificate or certificates therefor (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to this corporation to indemnify this corporation against any claim that may be made against this corporation on account of the alleged loss, theft or destruction of such certificate), duly endorsed, at the office of this corporation or of any transfer agent for the Preferred Stock, and shall give written notice to this corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. This corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date set forth for conversion in the written notice of the election to convert irrespective of the surrender of the shares of Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act of 1933, as amended, the conversion may, at the option of any holder tendering Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the persons entitled to receive the Common Stock upon conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities. If the conversion is in connection with Automatic Conversion provisions of subsection 4(b)(ii) above, such conversion shall be deemed to have been made on the conversion date described in the stockholder consent approving such conversion, and the persons entitled to receive shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holders of such shares of Common Stock as of such date.

6.
(d) Conversion Price Adjustments of Preferred Stock for Certain Dilutive Issuances, Splits and Combinations. The Conversion Price of the Preferred Stock shall be subject to adjustment from time to time as follows:

(i) (A) If this corporation shall issue, on or after the date upon which this Amended and Restated Certificate of Incorporation is accepted for filing by the Secretary of State of the State of Delaware (the “Filing Date”), any Additional Stock (as defined below) without consideration or for a consideration per share less than the Conversion Price applicable to a series of Preferred Stock in effect immediately prior to the issuance of such Additional Stock, the Conversion Price for such series in effect immediately prior to each such issuance shall forthwith (except as otherwise provided in this clause (i)) be adjusted to a price (calculated to the nearest one-tenth of a cent) determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock Outstanding (as defined below) immediately prior to such issuance plus the number of shares of Common Stock that the aggregate consideration received by this corporation for such issuance would purchase at such Conversion Price; and the denominator of which shall be the number of shares of Common Stock Outstanding (as defined below) immediately prior to such issuance plus the number of shares of such Additional Stock. For purposes of this Section 4(d)(i)(A), the term “Common Stock Outstanding” shall mean and include the following: (1) outstanding Common Stock, (2) Common Stock issuable upon conversion of outstanding Preferred Stock, (3) Common Stock issuable upon exercise of outstanding stock options and (4) Common Stock issuable upon exercise (and, in the case of warrants to purchase Preferred Stock, conversion) of outstanding warrants. Shares described in (1) through (4) above shall be included whether vested or unvested, whether contingent or non-contingent and whether exercisable or not yet exercisable.

(B) No adjustment of the Conversion Price for the Preferred Stock shall be made in an amount less than one-tenth of one cent per share. Except to the limited extent provided for in subsections (E)(3) and (E)(4), no adjustment of such Conversion Price pursuant to this subsection 4(d)(i) shall have the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

(C) In the case of the issuance of Additional Stock for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by this corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

(D) In the case of the issuance of the Additional Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair market value thereof as determined in good faith by the Board of Directors irrespective of any accounting treatment.

(E) In the case of the issuance of options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock or options to purchase or rights to subscribe for such convertible or exchangeable securities, the following provisions shall apply for purposes of determining the number of shares of Additional Stock issued and the consideration paid therefor:

(1) The aggregate maximum number of shares of Common Stock deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including without limitation, the passage of time, but without taking into account potential antidilution adjustments) of such options to purchase or rights to subscribe for Common Stock...
Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in subsections 4(d)(i)(C) and (d)(i)(D)), if any, received by this corporation upon the issuance of such options or rights plus the minimum exercise price provided in such options or rights (without taking into account potential antidilution adjustments) for the Common Stock covered thereby.

(2) The aggregate maximum number of shares of Common Stock deliverable upon conversion of, or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for, any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by this corporation for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the minimum additional consideration, if any, to be received by this corporation (without taking into account potential antidilution adjustments) upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in subsections 4(d)(i)(C) and (d)(i)(D)).

(3) In the event of any change in the number of shares of Common Stock deliverable or in the consideration payable to this corporation upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, the Conversion Price of the Preferred Stock, to the extent in any way affected by or computed using such options, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

(4) Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Conversion Price of the Preferred Stock, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities that remain in effect) actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(5) The number of shares of Additional Stock deemed issued and the consideration deemed paid therefor pursuant to subsections 4(d)(i)(E)(1) and (2) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either subsection 4(d)(i)(E)(3) or (4).

8.
(ii) “Additional Stock” shall mean any shares of Common Stock issued (or deemed to have been issued pursuant to subsection 4(d)(i)(E)) by this corporation on or after the Filing Date other than:

(A) Common Stock issued pursuant to a transaction described in subsection 4(d)(iii) hereof;

(B) Shares of Common Stock issued to employees, directors, consultants and other service providers for the primary purpose of soliciting or retaining their services pursuant to plans or agreements approved by this corporation’s Board of Directors;

(C) Common Stock issued pursuant to a Qualified Public Offering;

(D) Common Stock issued pursuant to the conversion or exercise of convertible or exercisable securities outstanding on the Filing Date;

(E) Common Stock issued in connection with a bona fide business acquisition by this corporation, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise, provided such acquisition is approved by the Board of Directors;

(F) Common Stock issued or deemed issued pursuant to subsection 4(d)(i)(E) as a result of a decrease in the Conversion Price of any series of Preferred Stock resulting from the operation of Section 4(d);

(G) Common Stock issued upon conversion of the Preferred Stock;

(H) Shares of Common Stock issued pursuant to any equipment leasing arrangement or debt financing arrangement, which arrangement is approved by the Board of Directors and is primarily for non-equity financing purposes; or

(I) Common Stock issued to persons or entities with which this corporation has business relationships, provided such issuances are approved by the Board of Directors and are primarily for non-equity financing purposes.

(iii) In the event this corporation should at any time or from time to time after the Filing Date fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as “Common Stock Equivalents”) without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Price of the Preferred Stock shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase of the

9.
aggregate of shares of Common Stock outstanding and those issuable with respect to such Common Stock Equivalents with the number of shares issuable with respect to Common Stock Equivalents determined from time to time in the manner provided for deemed issuances in subsection 4(d)(i) (E).

(iv) If the number of shares of Common Stock outstanding at any time after the Filing Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Conversion Price for the Preferred Stock shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(e) **Other Distributions.** In the event this corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by this corporation or other persons, assets (excluding cash dividends) or options or rights not referred to in subsection 4(d)(iii), then, in each such case for the purpose of this subsection 4(e), the holders of the Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Common Stock of this corporation into which their shares of Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of this corporation entitled to receive such distribution.

(f) **Recapitalizations.** If at any time or from time to time there shall be a recapitalization of the Common Stock (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 4 or in Section 2) provision shall be made so that the holders of the Preferred Stock shall thereafter be entitled to receive upon conversion of the Preferred Stock the number of shares of stock or other securities or property of this corporation or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of the Preferred Stock after the recapitalization to the end that the provisions of this Section 4 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Preferred Stock) shall be applicable after that event as nearly equivalently as may be practicable.

(g) **No Fractional Shares and Certificate as to Adjustments.**

(i) No fractional shares shall be issued upon the conversion of any share or shares of the Preferred Stock and the aggregate number of shares of Common Stock to be issued to particular stockholders, shall be rounded down to the nearest whole share and this corporation shall pay in cash the fair market value of any fractional shares as of the time when entitlement to receive such fractions is determined. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock and the number of shares of Common Stock issuable upon such conversion.
Upon the occurrence of each adjustment or readjustment of the Conversion Price of Preferred Stock pursuant to this Section 4, this corporation shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. This corporation shall, upon the written request at any time of any holder of Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Price for such series of Preferred Stock at the time in effect, and (C) the number of shares of Common Stock and the amount, if any, of other property that at the time would be received upon the conversion of a share of Preferred Stock.

(h) Notices of Record Date. In the event of any taking by this corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, this corporation shall mail to each holder of Preferred Stock, at least ten (10) days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution, and the amount and character of such dividend or distribution.

(i) Reservation of Stock Issuable Upon Conversion. This corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, in addition to such other remedies as shall be available to the holder of such Preferred Stock, this corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Restated Certificate of Incorporation.

(j) Waiver of Adjustment to Conversion Price. Notwithstanding anything herein to the contrary, any downward adjustment of the Conversion Price of any series of Preferred Stock may be waived, either prospectively or retroactively and either generally or in a particular instance, by the consent or vote of the holders of at least 55% of the outstanding shares of such series of Preferred Stock. Any such waiver shall bind all future holders of shares of such series of Preferred Stock.


(a) General Voting Rights. The holder of each share of Preferred Stock shall have the right to one vote for each share of Common Stock into which such Preferred Stock could then be converted, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any stockholders' meeting in accordance with the Bylaws of this corporation, and except as provided by law or in subsection 6(b) below with respect to the election of directors by the separate class vote of the holders of Common Stock, shall be entitled to vote, together with holders of Common Stock, with respect to
any question upon which holders of Common Stock have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting
rights available on an as-converted basis (after aggregating all shares into which shares of Preferred Stock held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

(b) Voting for the Election of Directors. As long as at least 6,000,000 shares of Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like) remain outstanding, the holders of such shares of Preferred Stock shall be entitled to elect two (2) directors of this corporation at any election of directors. The holders of outstanding Common Stock shall be entitled to elect two (2) directors of this corporation at any election of directors. The holders of Preferred Stock and Common Stock (voting together as a single class and not as separate series, and on an as-converted basis) shall be entitled to elect any remaining directors of this corporation at any election of directors or pursuant to a written consent of stockholders.

Notwithstanding the provisions of Section 223(a)(1) and 223(a)(2) of the General Corporation Law, any vacancy, including newly created directorships resulting from any increase in the authorized number of directors or amendment of this Restated Certificate of Incorporation, and vacancies created by removal or resignation of a director, may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced; provided, however, that where such vacancy occurs among the directors elected by the holders of a class or series of stock, the holders of shares of such class or series may override the Board’s action to fill such vacancy by (i) voting for their own designee to fill such vacancy at a meeting of this corporation’s stockholders or (ii) written consent, if the consenting stockholders hold a sufficient number of shares to elect their designee at a meeting of the stockholders. Any director may be removed during his or her term of office, either with or without cause, by, and only by, the affirmative vote of the holders of the shares of the class or series of stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders, and any vacancy thereby created may be filled by the holders of that class or series of stock represented at the meeting or pursuant to written consent.

6. Protective Provisions. As long as at least 6,000,000 shares of Preferred Stock (as adjusted for any stock splits, stock dividends, combinations, subdivisions, recapitalizations or the like) remain outstanding, this corporation shall not (by amendment, merger, reorganization, recapitalization, reclassification, consolidation or otherwise) without (in addition to any other vote required by law or the Certificate of Incorporation) first obtaining the approval by vote or written consent, as provided by law, of the holders of at least sixty-five percent (65%) of the then outstanding shares of Preferred Stock (voting together as a single class and not as separate series, and on an as-converted basis):

(a) consummate a Liquidation Event or effect any other merger or consolidation;

(b) amend, alter or repeal any provision of this corporation’s Certificate of Incorporation or Bylaws;

12.
(c) increase or decrease (other than by redemption or conversion) the total number of authorized shares of Common Stock or Preferred Stock or designated shares of any series of Preferred Stock;

(d) authorize, issue or obligate this corporation to issue any equity security (including any other security convertible into or exercisable for any such equity security) having a preference over, or being on a parity with, any series of Preferred Stock with respect to dividends, liquidation or redemption, other than the issuance of any authorized but unissued shares of Series C Preferred Stock designated in this Amended and Restated Certificate of Incorporation (including any security convertible into or exercisable for such shares of Preferred Stock);

(e) redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose) any share or shares of Preferred Stock or Common Stock; provided, however, that this restriction shall not apply to the repurchase of shares of Common Stock at no greater than the original cost from employees, officers, directors, consultants or other persons performing services for this corporation or any subsidiary pursuant to agreements under which this corporation has the option to repurchase such shares upon the occurrence of certain events, such as the termination of employment or service;

(f) change the authorized number of directors of this corporation;

(g) increase the number of shares of Common Stock reserved for grant under any employee equity incentive plan;

(h) permit any subsidiary of this corporation to sell or issue any stock or equity securities of such subsidiary to any party other than this corporation or permit any subsidiary to take any action that results in the transfer, sale, lease, exclusive license or other disposition of material assets of this corporation or such subsidiary to any person other than this corporation or a wholly-owned subsidiary of this corporation;

(i) pay or declare any dividend on any shares of capital stock of this corporation; or

(j) authorize, issue or obligate this corporation to issue any debt security, or permit any subsidiary to take any such action with respect to any debt security, if the aggregate indebtedness of this corporation and its subsidiaries for borrowed money following such action would exceed $5,000,000.

7. **Status of Converted Stock.** In the event any shares of Preferred Stock shall be converted pursuant to Section 4 and 5 hereof, the shares so converted shall be cancelled and shall not be issuable by this corporation. The Restated Certificate of Incorporation of this corporation shall be appropriately amended to effect the corresponding reduction in this corporation’s authorized capital stock.

8. **Notices.** Any notice required by the provisions of this Article IV(B) to be given to the holders of shares of Preferred Stock shall be deemed given (i) if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his, her or its address appearing on the books of this corporation, (ii) if such notice is provided by electronic transmission in a manner permitted by Section 232 of the General Corporation Law, or (iii) if such notice is provided in another manner then permitted by the General Corporation Law.
C. **Common Stock.** The rights, preferences, privileges and restrictions granted to and imposed on the Common Stock are as set forth below in this Article IV(C).

1. **Dividend Rights.** Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of any assets of this corporation legally available therefor, any dividends as may be declared from time to time by the Board of Directors.

2. **Liquidation Rights.** Upon the liquidation, dissolution or winding up of this corporation, the assets of this corporation shall be distributed as provided in Section 2 of Article IV(B) hereof.

3. **Redemption.** The Common Stock is not redeemable at the option of the holder.

4. **Voting Rights.** The holder of each share of Common Stock shall have the right to one vote for each such share, and shall be entitled to notice of any stockholders’ meeting in accordance with the Bylaws of this corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of this corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

**ARTICLE V**

Except as otherwise provided in this Restated Certificate of Incorporation, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of this corporation.

**ARTICLE VI**

The number of directors of this corporation shall be determined in the manner set forth in the Bylaws of this corporation.

**ARTICLE VII**

Elections of directors need not be by written ballot unless the Bylaws of this corporation shall so provide.

**ARTICLE VIII**

Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of this corporation may provide. The books of this corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of this corporation.
ARTICLE IX

A director of this corporation shall not be personally liable to this corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director’s duty of loyalty to this corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit. If the General Corporation Law is amended after approval by the stockholders of this Article IX to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of this corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any amendment, repeal or modification of the foregoing provisions of this Article IX by the stockholders of this corporation shall not adversely affect any right or protection of a director of this corporation existing at the time of, or increase the liability of any director of this corporation with respect to any acts or omissions of such director occurring prior to, such amendment, repeal or modification.

ARTICLE X

Except as otherwise provided in this Restated Certificate of Incorporation, this corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE XI

To the fullest extent permitted by applicable law, this corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers, employees and agents of this corporation (and any other persons to which General Corporation Law permits this corporation to provide indemnification) through Bylaw provisions, agreements with such persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law, subject only to limits created by applicable General Corporation Law (statutory or non-statutory), with respect to actions for breach of duty to this corporation, its stockholders, and others.

Any amendment, repeal or modification of the foregoing provisions of this Article XI shall not adversely affect any right or protection of a director, officer, employee, agent or other person existing at the time of, or increase the liability of any such person with respect to any acts or omissions of such person occurring prior to, such amendment, repeal or modification.
ARTICLE XII

This corporation renounces, to the fullest extent permitted by law, any interest or expectancy of this corporation in, or in being offered an opportunity to participate in, an Excluded Opportunity. An “Excluded Opportunity” is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of this corporation who is not an employee of this corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of this corporation or any of its subsidiaries (collectively, “Covered Persons”), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person’s capacity as a director of this corporation.

ARTICLE XIII

In connection with repurchases by this corporation of its Common Stock from employees, officers, directors, advisors, consultants or other persons performing services for this corporation or any subsidiary pursuant to agreements under which this corporation has the option to repurchase such shares at cost upon the occurrence of certain events, such as the termination of employment, Section 500 of the California Corporations Code shall not apply in all or in part with respect to such repurchases. In the case of any such repurchases, distributions by the corporation may be made without regard to the “preferential dividends arrears amount” or any “preferential rights amount,” as such terms are defined in Section 500(b) of the California Corporations Code.

* * *

FOURTH: The foregoing amendment and restatement was approved by the holders of the requisite number of shares of said corporation in accordance with Section 228 of the General Corporation Law.

FIFTH: That said Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this corporation’s Restated Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

16.
IN WITNESS WHEREOF, this Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 17th day of December, 2018.

/s/ Brian Wong  
Brian Wong  
Chief Executive Officer
FLX BIO, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “Corporation”), hereby certifies that:

FIRST: The name of the Corporation is FLX Bio, Inc.

SECOND: The date on which the Certificate of Incorporation of the Corporation was originally filed with the Secretary of State of the State of Delaware is March 4, 2015 and the original name of this Corporation was FLX Bio, Inc.

THIRD: The Board of Directors of the Corporation, acting in accordance with the provisions of Sections 141 and 242 of the General Corporation Law of the State of Delaware (the “DGCL”), duly approved and adopted resolutions amending its Amended and Restated Certificate of Incorporation as follows:

Article I shall be amended and restated to read in its entirety as follows:

“1.

The name of this company is RAPT THERAPEUTICS, INC. (the “Company” or the “Corporation”).”

FOURTH: This Certificate of Amendment was duly adopted in accordance with Sections 141 and 242 of the DGCL.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its Chief Executive Officer this 20th day of May, 2019.

FLX BIO, INC.

By: /s/ Brian Wong
   Brian Wong
   Chief Executive Officer
CERTIFICATE OF AMENDMENT
TO THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
RAPT THERAPEUTICS, INC.

RAPT THERAPEUTICS, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “Corporation”), hereby certifies that:

FIRST: The name of the Corporation is RAPT Therapeutics, Inc.

SECOND: The date on which the Certificate of Incorporation of the Corporation was originally filed with the Secretary of State of the State of Delaware is March 4, 2015 and the original name of this Corporation was FLX Bio, Inc.

THIRD: The Board of Directors of the Corporation, acting in accordance with the provisions of Sections 141 and 242 of the Delaware General Corporation Law (the “DGCL”), adopted resolutions amending its Amended and Restated Certificate of Incorporation as follows:

1. Article IV(A) of the Amended and Restated Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

“A. Authorization of Stock. This corporation is authorized to issue two classes of stock to be designated, respectively, common stock and preferred stock. The total number of shares that this corporation is authorized to issue is 250,960,482. The total number of shares of common stock authorized to be issued is 133,071,007, par value $0.0001 per share (the “Common Stock”). The total number of shares of preferred stock authorized to be issued is 117,889,475, par value $0.0001 per share (the “Preferred Stock”), of which 29,271,007 shares are designated as “Series C-2 Preferred Stock,” 26,109,363 shares are designated as “Series C Preferred Stock,” 25,000,000 shares are designated as “Series B Preferred Stock” and 37,509,105 shares are designated as “Series A Preferred Stock”.

FOURTH: This Certificate of Amendment has been duly adopted in accordance with Sections 228 and 242 of the DGCL, with the approval of the Corporation’s stockholders having been given by written consent without a meeting in accordance with Section 228 of the DGCL. The undersigned affirms, under penalties of perjury, that this Certificate of Amendment is the act and deed of the Corporation and that the facts stated herein are true.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its Chief Executive Officer this 6th day of June, 2019.

RAPT THERAPEUTICS, INC.

/s/ Brian Wong
Brian Wong, Chief Executive Officer
Exhibit 3.4

RAPT THERAPEUTICS, INC.
AMENDED AND RESTATING
CERTIFICATE OF INCORPORATION
OF
RAPT THERAPEUTICS, INC.

Brian Wong hereby certifies that:

ONE: The date of filing of the original Certificate of Incorporation of this company with the Secretary of State of the State of Delaware was March 4, 2015 under the name FLX Bio, Inc.

TWO: He is the duly elected and acting President and Chief Executive Officer of RAPT Therapeutics, Inc., a Delaware corporation.

THREE: The Certificate of Incorporation of this company is hereby amended and restated to read as follows:

I.

The name of this company is RAPT THERAPEUTICS, INC. (the “Company”).

II.

The address of the registered office of this Company in the State of Delaware is 300 South DuPont Highway, in the City of Dover, County of Kent, 19901, and the name of the registered agent of this Company in the State of Delaware at such address is Incorporating Services, Ltd.

III.

The purpose of this Company is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law (“DGCL”).

IV.

A. This Company is authorized to issue two classes of stock to be designated, respectively, “Common Stock” and “Preferred Stock.” The total number of shares which the Company is authorized to issue is 550,000,000 shares. 500,000,000 shares shall be Common Stock, each having a par value of $0.0001. 50,000,000 shares shall be Preferred Stock, each having a par value of $0.0001.

B. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Company (the “Board of Directors”) is hereby expressly authorized to provide for the issue of all or any of the shares of the Preferred Stock in one or more series, and to fix the number of shares and to determine or alter for each such series, such voting powers, full or limited, or no voting powers, and such designation, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such shares and as may be permitted by the DGCL. The Board of Directors is also expressly authorized to increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be decreased in accordance with the foregoing sentence, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority
of the voting power of the stock of the Company entitled to vote thereon, without a separate vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any certificate of designation filed with respect to any series of Preferred Stock.

C. Each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Company for their vote; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any certificate of designation filed with respect to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon by law or pursuant to this Amended and Restated Certificate of Incorporation (including any certificate of designation filed with respect to any series of Preferred Stock).

V.

For the management of the business and for the conduct of the affairs of the Company, and in further definition, limitation and regulation of the powers of the Company, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. MANAGEMENT OF BUSINESS. The management of the business and the conduct of the affairs of the Company shall be vested in its Board of Directors. The number of directors which shall constitute the Board of Directors shall be fixed exclusively by resolutions adopted by a majority of the authorized number of directors constituting the Board of Directors.

B. BOARD OF DIRECTORS

Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, following the closing of the initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “1933 Act”), covering the offer and sale of Common Stock to the public (the “Initial Public Offering”), the directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. The Board of Directors is authorized to assign members of the Board of Directors already in office to such classes at the time the classification becomes effective. At the first annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

Notwithstanding the foregoing provisions of this section, each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.
C. REMOVAL OF DIRECTORS.

a. Subject to the rights of any series of Preferred Stock to elect additional directors under specified circumstances, following the closing of the Initial Public Offering, neither the Board of Directors nor any individual director may be removed without cause.

b. Subject to any limitation imposed by law, any individual director or directors may be removed with cause by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of all then-outstanding shares of capital stock of the Company entitled to vote generally at an election of directors.

D. VACANCIES. Subject to any limitations imposed by applicable law and subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders and except as otherwise provided by applicable law, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director’s successor shall have been elected and qualified.

E. BYLAW AMENDMENTS.

1. The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Company. Any adoption, amendment or repeal of the Bylaws of the Company by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Company; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Company required by law or by this Amended and Restated Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of all of the then-outstanding shares of the capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class.

2. The directors of the Company need not be elected by written ballot unless the Bylaws so provide.

3. No action shall be taken by the stockholders of the Company except at an annual or special meeting of stockholders called in accordance with the Bylaws, and no action shall be taken by the stockholders by written consent or electronic transmission.

4. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Company shall be given in the manner provided in the Bylaws of the Company.

VI.

A. The liability of the directors for monetary damages shall be eliminated to the fullest extent under applicable law.

B. To the fullest extent permitted by applicable law, the Company is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Company (and any other persons to which applicable law permits the Company to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested
directors or otherwise in excess of the indemnification and advancement otherwise permitted by such applicable law. If applicable law is amended after approval by the stockholders of this Article VI to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director to the Company shall be eliminated or limited to the fullest extent permitted by applicable law as so amended.

C. Any repeal or modification of this Article VI shall only be prospective and shall not affect the rights or protections or increase the liability of any director under this Article VI in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

VII.

A. Unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) shall be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (A) any derivative action or proceeding brought on behalf of the Company; (B) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company’s stockholders; (C) any action asserting a claim against the Company or any director or officer or other employee of the Company arising pursuant to any provision of the DGCL, this Amended and Restated Certificate of Incorporation or the Bylaws of the Company; or (D) any action asserting a claim against the Company or any director or officer or other employee of the Company governed by the internal affairs doctrine. This Article VII shall not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended.

B. Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the 1933 Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and consented to the provisions of this Article VII.

VIII.

A. The Company reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, except as provided in paragraph B. of this Article VIII, and all rights conferred upon the stockholders herein are granted subject to this reservation.

B. Notwithstanding any other provisions of this Amended and Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Company required by law or by this Amended and Restated Certificate of Incorporation or any certificate of designation filed with respect to a series of Preferred Stock, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then outstanding shares of capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend or repeal Articles V, VI, VII and VIII.

* * * *

4
FOUR: This Amended and Restated Certificate of Incorporation has been duly approved by the Board of Directors of the Company.

FIVE: This Amended and Restated Certificate of Incorporation was approved by the holders of the requisite number of shares of said Company in accordance with Section 228 of the DGCL. This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL by the stockholders of the Company.
IN WITNESS WHEREOF, RAPT Therapeutics, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by its President and Chief Executive Officer this ___ day of _____, 2019.

RAPT THERAPEUTICS, INC.

By:

Brian Wong
President and Chief Executive Officer
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(A DELAWARE CORPORATION)
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BYLAWS
OF
RAPT THERAPEUTICS, INC. (f/k/a FLX BIO, INC.)

ARTICLE I
OFFICES

1.1 Registered Office. The registered office shall be in the City of Dover, County of Kent, State of Delaware.

1.2 Offices. The corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

2.1 Location. All meetings of the stockholders for the election of directors shall be held in the City of San Carlos, State of California, at such place as may be fixed from time to time by the Board of Directors, or at such other place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting; provided, however, that the Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211 of the Delaware General Corporations Law (“DGCL”). Meetings of stockholders for any other purpose may be held at such time and place, if any, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof, or a waiver by electronic transmission by the person entitled to notice.

2.2 Timing. Annual meetings of stockholders, commencing with the year 2016, shall be held at such date and time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which they shall elect by a plurality vote a Board of Directors, and transact such other business as may properly be brought before the meeting.

2.3 Notice of Meeting. Written notice of any stockholder meeting stating the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given to each stockholder entitled to vote at such meeting not fewer than ten (10) nor more than sixty (60) days before the date of the meeting.

2.4 Stockholders’ Records. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address (but not the electronic address or other electronic contact information) of each stockholder and the number of shares registered in the name of each
stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

2.5 Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the Chief Executive Officer and shall be called by the Chief Executive Officer or secretary at the request in writing of a majority of the Board of Directors, or at the request in writing of stockholders owning at least fifty percent (50%) in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

2.6 Notice of Meeting. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not fewer than ten (10) nor more than sixty (60) days before the date of the meeting, to each stockholder entitled to vote at such meeting. The means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting shall also be provided in the notice.

2.7 Business Transacted at Special Meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

2.8 Quorum; Meeting Adjournment; Presence by Remote Means.

(a) Quorum; Meeting Adjournment. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.
Presence by Remote Means. If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication:

1. participate in a meeting of stockholders; and
2. be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation.

2.9 Voting Thresholds. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

2.10 Number of Votes Per Share. Unless otherwise provided in the certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote by such stockholder or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

2.11 Action by Written Consent of Stockholders; Electronic Consent; Notice of Action.

(a) Action by Written Consent of Stockholders. Unless otherwise provided by the certificate of incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing setting forth the action so taken, is signed in a manner permitted by law by the holders of outstanding stock having not less than the number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Written stockholder consents shall bear the date of signature of each stockholder who signs the consent in the manner permitted by law and shall be delivered to the corporation as provided in subsection (b) below. No written consent shall be effective to take the action set forth therein unless, within sixty (60) days of the earliest dated consent delivered to the corporation in the manner provided above, written consents signed by a sufficient number of stockholders to take the action set forth therein are delivered to the corporation in the manner provided above.
(b) Electronic Consent. A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the corporation can determine (1) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and (2) the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation’s registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by telegram, cablegram or other electronic transmission may be otherwise delivered to the principal place of business of the corporation or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner provided by resolution of the Board of Directors of the corporation.

(c) Notice of Action. Prompt notice of any action taken pursuant to this Section 2.11 shall be provided to the stockholders in accordance with Section 228(e) of the DGCL.

ARTICLE III
DIRECTORS

3.1 Authorized Directors. The number of directors that shall constitute the whole Board of Directors shall be determined by resolution of the Board of Directors or by the stockholders at the annual meeting of the stockholders, except as provided in Section 3.2 of this Article, and each director elected shall hold office until his or her successor is elected and qualified. Directors need not be stockholders.

3.2 Vacancies. Unless otherwise provided in the corporation’s certificate of incorporation, as it may be amended, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of
the whole Board of Directors (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent (10%) of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

3.3 **Board Authority.** The business of the corporation shall be managed by or under the direction of its Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

3.4 **Location of Meetings.** The Board of Directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

3.5 **First Meeting.** The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

3.6 **Regular Meetings.** Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

3.7 **Special Meetings.** Special meetings of the Board of Directors may be called by the Chief Executive Officer upon notice to each director; special meetings shall be called by the Chief Executive Officer or secretary in like manner and on like notice on the written request of two (2) directors unless the Board of Directors consists of only one director, in which case special meetings shall be called by the Chief Executive Officer or secretary in like manner and on like notice on the written request of the sole director. Notice of any special meeting shall be given to each director at his or her business or residence in writing, or by telegram, facsimile transmission, telephone communication or electronic transmission (provided, with respect to electronic transmission, that the director has consented to receive the form of transmission at the address to which it is directed). If mailed, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If by telegram, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company at least twenty-four (24) hours before such meeting. If by facsimile transmission or other electronic transmission, such notice shall be transmitted at least twenty-four (24) hours before such meeting. If by telephone, the notice shall be given at least twelve (12) hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except
for amendments to these bylaws as provided under Section 8.1 of Article VIII hereof. A meeting may be held at any time without notice if all the directors are present (except as otherwise provided by law) or if those not present waive notice of the meeting in writing, either before or after such meeting.

3.8 Quorum. At all meetings of the Board of Directors a majority of the directors shall constitute a quorum for the transaction of business and any act of a majority of the directors present at any meeting at which there is a quorum shall be an act of the Board of Directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum is not present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

3.9 Action Without a Meeting. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing, writings, electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee.

3.10 Telephonic Meetings. Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board of Directors or any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or any committee, by means of conference telephone or other means of communication by which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting.

3.11 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it, but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval or (ii) adopting, amending or repealing any provision of these bylaws.
3.12 **Minutes of Meetings.** Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

3.13 **Compensation of Directors.** Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

3.14 **Removal of Directors.** Unless otherwise provided by the certificate of incorporation or these bylaws, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors.

**ARTICLE IV**

**NOTICES**

4.1 **Notice.** Unless otherwise provided in these bylaws, whenever, under the provisions of the statutes or of the certificate of incorporation or of these bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his or her address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

4.2 **Waiver of Notice.** Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

4.3 **Electronic Notice.**

   (a) **Electronic Transmission.** Without limiting the manner by which notice otherwise may be given effectively to stockholders and directors, any notice to stockholders or directors given by the corporation under any provision of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder or director to whom the notice is given. Any such consent shall be revocable by the stockholder or director by written notice to the corporation. Any such consent shall be deemed revoked if (1) the corporation is unable to deliver by electronic transmission two consecutive notices given by the corporation in accordance with such consent and (2) such inability becomes known to the secretary or an assistant secretary of the corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.
Effective Date of Notice. Notice given pursuant to subsection (a) of this section shall be deemed given: (1) if by facsimile telecommunication, when directed to a number at which the stockholder or director has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder or director has consented to receive notice; (3) if by a posting on an electronic network together with separate notice to the stockholder or director of such specific posting, upon the later of (i) such posting and (ii) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the stockholder or director. An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Form of Electronic Transmission. For purposes of these bylaws, “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

ARTICLE V
OFFICERS

5.1 Required and Permitted Officers. The officers of the corporation shall be chosen by the Board of Directors and shall be a Chief Executive Officer and/or a president, a treasurer and a secretary. The Board of Directors may elect from among its members a Chairman of the Board and a Vice-Chairman of the Board. The Board of Directors may also choose one or more vice-presidents, assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these bylaws otherwise provide.

5.2 Appointment of Required Officers. The Board of Directors at its first meeting after each annual meeting of stockholders shall choose a Chief Executive Officer and/or a president, a treasurer, and a secretary and may choose vice-presidents.

5.3 Appointment of Permitted Officers. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

5.4 Officer Compensation. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors.

5.5 Term of Office; Vacancies. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the corporation shall be filled by the Board of Directors.
5.6 Chairman Presides. Unless the Board of Directors appoints a Chairman of the Board, the Chief Executive Officer shall be the Chairman of the Board, so long as the Chief Executive Officer is a director of the corporation. The Chairman of the Board shall preside at all meetings of the Board of Directors and of the stockholders at which he or she shall be present. He or she shall have and may exercise such powers as are, from time to time, assigned to him or her by the Board of Directors and as may be provided by law.

5.7 Absence of Chairman. In the absence of the Chairman of the Board, the Vice-Chairman of the Board, if any, shall preside at all meetings of the Board of Directors and of the stockholders at which he or she shall be present. He or she shall have and may exercise such powers as are, from time to time, assigned to him or her by the Board of Directors and as may be provided by law.

5.8 Powers of Chief Executive Officer. The Chief Executive Officer shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect.

5.9 Chief Executive Officer’s Signature Authority. The Chief Executive Officer shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the corporation. The Chief Executive Officer may sign certificates for shares of stock of the corporation.

5.10 Absence of Chief Executive Officer. In the absence of the Chief Executive Officer or in the event of his or her inability or refusal to act, the president shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer.

5.11 Powers of President. Unless the Board of Directors appoints a president of the corporation, the Chief Executive Officer shall be the president of the corporation. The president of the corporation shall have such powers as required by law and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

5.12 Absence of President. In the absence of the president or in the event of his or her inability or refusal to act, the vice-president, if any, (or in the event there be more than one vice-president, the vice-presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.
5.13 **Duties of Secretary.** The secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer, under whose supervision he or she shall be. He or she shall have custody of the corporate seal of the corporation and he or she, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his or her signature.

5.14 **Duties of Assistant Secretary.** The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

5.15 **Duties of Treasurer.** The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors.

5.16 **Disbursements and Financial Reports.** He or she shall disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer and the Board of Directors, at its regular meetings or when the Board of Directors so requires, an account of all his or her transactions as treasurer and of the financial condition of the corporation.

5.17 **Treasurer's Bond.** If required by the Board of Directors, the treasurer shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the corporation.

5.18 **Duties of Assistant Treasurer.** The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the
treasurer or in the event of the treasurer’s inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE VI
CERTIFICATE OF STOCK

6.1 **Stock Certificates.** Every holder of stock in the corporation shall be entitled to have a certificate, signed by or in the name of the corporation by, the Chairman or Vice-Chairman of the Board of Directors, or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him or her in the corporation.

Certificates may be issued for partly paid shares and in such case upon the face or back of the certificates issued to represent any such partly paid shares, the total amount of the consideration to be paid therefor, and the amount paid thereon shall be specified.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

6.2 **Facsimile Signatures.** Any or all of the signatures on the certificate may be facsimile. In the event that any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, the certificate may be issued by the corporation with the same effect as if such officer, transfer agent or registrar were still acting as such at the date of issue.

6.3 **Lost Certificates.** The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing such issuance of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance, require the owner of such lost, stolen or destroyed certificate or certificates, or his or her legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.
6.4 **Transfer of Stock.** Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

6.5 **Fixing a Record Date.** In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

6.6 **Registered Stockholders.** The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, to vote as such owner, to hold liable for calls and assessments a person registered on its books as the owner of shares and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

**ARTICLE VII**

**GENERAL PROVISIONS**

7.1 **Dividends.** Dividends upon the capital stock of the corporation, if any, subject to the provisions of the certificate of incorporation, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

7.2 **Reserve for Dividends.** Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their sole discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purposes as the directors think conducive to the interests of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

7.3 **Checks.** All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.
7.4 **Fiscal Year.** The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

7.5 **Corporate Seal.** The Board of Directors may adopt a corporate seal having inscribed thereon the name of the corporation, the year of its organization and the words “Corporate Seal, Delaware.” The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

7.6 **Indemnification.** The corporation shall, to the fullest extent authorized under the laws of the State of Delaware, as those laws may be amended and supplemented from time to time, indemnify any director made, or threatened to be made, a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of being a director of the corporation or a predecessor corporation or a director or officer of another corporation, if such person served in such position at the request of the corporation; provided, however, that the corporation shall indemnify any such director or officer in connection with a proceeding initiated by such director or officer only if such proceeding was authorized by the Board of Directors of the corporation. The indemnification provided for in this Section 7.6 shall: (i) not be deemed exclusive of any other rights to which those indemnified may be entitled under these bylaws, agreement or vote of stockholders or disinterested directors or otherwise, both as to action in their official capacities and as to action in another capacity while holding such office, (ii) continue as to a person who has ceased to be a director, and (iii) inure to the benefit of the heirs, executors and administrators of a person who has ceased to be a director. The corporation’s obligation to provide indemnification under this Section 7.6 shall be offset to the extent of any other source of indemnification or any otherwise applicable insurance coverage under a policy maintained by the corporation or any other person.

Expenses incurred by a director of the corporation in defending a civil or criminal action, suit or proceeding by reason of the fact that he or she is or was a director of the corporation (or was serving at the corporation’s request as a director or officer of another corporation) shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation as authorized by relevant sections of the DGCL. Notwithstanding the foregoing, the corporation shall not be required to advance such expenses to an agent who is a party to an action, suit or proceeding brought by the corporation and approved by a majority of the Board of Directors of the corporation that alleges willful misappropriation of corporate assets by such agent, disclosure of confidential information in violation of such agent’s fiduciary or contractual obligations to the corporation or any other willful and deliberate breach in bad faith of such agent’s duty to the corporation or its stockholders.

The foregoing provisions of this Section 7.6 shall be deemed to be a contract between the corporation and each director who serves in such capacity at any time while this bylaw is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts.
The Board of Directors in its sole discretion shall have power on behalf of the corporation to indemnify any person, other than a director, made a party to any action, suit or proceeding by reason of the fact that he or she, his or her testator or intestate, is or was an officer or employee of the corporation.

To assure indemnification under this Section 7.6 of all directors, officers and employees who are determined by the corporation or otherwise to be or to have been “fiduciaries” of any employee benefit plan of the corporation that may exist from time to time, Section 145 of the DGCL shall, for the purposes of this Section 7.6, be interpreted as follows: an “other enterprise” shall be deemed to include such an employee benefit plan, including without limitation, any plan of the corporation that is governed by the Act of Congress entitled “Employee Retirement Income Security Act of 1974,” as amended from time to time; the corporation shall be deemed to have requested a person to serve the corporation for purposes of Section 145 of the DGCL, as administrator of an employee benefit plan where the performance by such person of his or her duties to the corporation also imposes duties on, or otherwise involves services by, such person to the plan or participants or beneficiaries of the plan; excise taxes assessed on a person with respect to an employee benefit plan pursuant to such Act of Congress shall be deemed “fines.”

CERTIFICATE OF INCORPORATION GOVERNS

7.7 Conflicts with Certificate of Incorporation. In the event of any conflict between the provisions of the corporation’s certificate of incorporation and these bylaws, the provisions of the certificate of incorporation shall govern.

ARTICLE VIII
AMENDMENTS

8.1 These bylaws may be altered, amended or repealed, or new bylaws may be adopted by the stockholders or by the Board of Directors, when such power is conferred upon the Board of Directors by the certificate of incorporation at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new bylaws be contained in the notice of such special meeting. If the power to adopt, amend or repeal bylaws is conferred upon the Board of Directors by the certificate of incorporation, it shall not divest or limit the power of the stockholders to adopt, amend or repeal bylaws.

ARTICLE IX
LOANS TO OFFICERS

9.1 The corporation may lend money to, or guarantee any obligation of or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.
ARTICLE X
RECORDS AND REPORTS

10.1  The application and requirements of Section 1501 of the California General Corporation Law are hereby expressly waived to the fullest extent permitted thereunder.
AMENDED AND RESTATED BYLAWS

OF

RAPT THERAPEUTICS, INC.
(A DELAWARE CORPORATION)
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-ii-
AMENDED AND RESTATED BYLAWS
OF
RAPT THERAPEUTICS, INC.
(A DELAWARE CORPORATION)

ARTICLE I
OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be in the City of Wilmington, County of New Castle.

Section 2. Other Offices. The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II
CORPORATE SEAL

Section 3. Corporate Seal. The Board of Directors may adopt a corporate seal. The corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE III
STOCKHOLDERS’ MEETINGS

Section 4. Place Of Meetings. Meetings of the stockholders of the corporation may be held at such place, either within or without the State of Delaware, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the Delaware General Corporation Law ("DGCL").

Section 5. Annual Meetings.
(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may properly come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i) pursuant to the corporation’s notice of meeting of stockholders (with respect to business other than nominations); (ii) brought specifically by or at the direction of the Board of Directors; or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving the stockholder’s notice provided for in Section 5(b) below, who is entitled to vote at the meeting and who complied with the notice procedures set forth in Section 5. For the avoidance of doubt, clause (iii) above shall be the exclusive means for a
stockholder to make nominations and submit other business (other than matters properly included in the corporation’s notice of meeting of stockholders and proxy statement under Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the “1934 Act”)) before an annual meeting of stockholders.

(b) At an annual meeting of the stockholders, only such business shall be conducted as is a proper matter for stockholder action under Delaware law and as shall have been properly brought before the meeting.

(i) For nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii) and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder’s notice shall set forth: (A) as to each nominee such stockholder proposes to nominate at the meeting: (1) the name, age, business address and residence address of such nominee, (2) the principal occupation or employment of such nominee, (3) the class and number of shares of each class of capital stock of the corporation which are owned of record and beneficially by such nominee, (4) the date or dates on which such shares were acquired and the investment intent of such acquisition, (5) a statement whether such nominee, if elected, intends to tender, promptly following such person’s failure to receive the required vote for election or re-election at the next meeting at which such person would face election or re-election, an irrevocable resignation effective upon acceptance of such resignation by the Board of Directors, and (6) such other information concerning such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved), or that is otherwise required to be disclosed pursuant to Section 14 of the 1934 Act and the rules and regulations promulgated thereunder (including such person’s written consent to being named as a nominee and to serving as a director if elected); and (B) the information required by Section 5(b)(iv). The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the corporation or that could be material to a reasonable stockholder’s understanding of the independence, or lack thereof, of such proposed nominee.

(ii) Other than proposals sought to be included in the corporation’s proxy materials pursuant to Rule 14a-8 under the 1934 Act, for business other than nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii), and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder’s notice shall set forth: (A) as to each matter such stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, and any material interest (including any anticipated benefit of such business to any Proponent (as defined below) other than solely as a result of its ownership of the corporation’s capital stock, that is material to any Proponent individually, or to the Proponents in the aggregate) in such business of any Proponent; and (B) the information required by Section 5(b)(iv).

(iii) To be timely, the written notice required by Section 5(b)(i) or 5(b)(ii) must be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year’s annual meeting; provided, however, that, subject to the last sentence of this Section 5(b)(iii), in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the...
anniversary of the preceding year’s annual meeting, notice by the stockholder to be timely must be so received not earlier than the close of business on
the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior
to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. In no event
shall an adjournment or a postponement of an annual meeting for which notice has been given, or the public announcement thereof, have been made,
commence a new time period for the giving of a stockholder’s notice as described above.

(iv) The written notice required by Section 5(b)(i) or 5(b)(ii) shall also set forth, as of the date of the notice and as to the
stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (each, a “Proponent” and
collectively, the “Proponents”): (A) the name and address of each Proponent, as they appear on the corporation’s books; (B) the class, series and
number of shares of the corporation that are owned beneficially and of record by each Proponent; (C) a description of any agreement, arrangement or
understanding (whether oral or in writing) with respect to such nomination or proposal between or among any Proponent and any of its affiliates or
associates, and any others (including their names) acting in concert, or otherwise under the agreement, arrangement or understanding, with any of
the foregoing; (D) a representation that the Proponents are holders of record or beneficial owners, as the case may be, of shares of the corporation entitled
to vote at the meeting and intend to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice (with respect to
a notice under Section 5(b)(i)) or to propose the business that is specified in the notice (with respect to a notice under Section 5(b)(ii)); (E) a
representation as to whether the Proponents intend to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of the
corporation’s voting shares to elect such nominee or nominees (with respect to a notice under Section 5(b)(i)) or to carry such proposal (with respect to
a notice under Section 5(b)(ii)); (F) to the extent known by any Proponent, the name and address of any other stockholder supporting the proposal on
the date of such stockholder’s notice; and (G) a description of all Derivative Transactions (as defined below) by each Proponent during the previous
twelve (12) month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic
terms of, such Derivative Transactions.

For purposes of Sections 5 and 6, a “Derivative Transaction” means any agreement, arrangement, interest or understanding entered into by, or on
behalf of, or for the benefit of, any Proponent or any of its affiliates or associates, whether record or beneficial:

- (w) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the corporation,
- (x) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of
the corporation,
- (y) which provides the right to vote or increase or decrease the voting power of, such Proponent, or any of its affiliates or associates, with
respect to any securities of the corporation,

which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible
security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or
arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any
proportionate interest of such Proponent in the securities of the corporation held by any general or limited partnership, or any limited liability
company, of which such Proponent is, directly or indirectly, a general partner or managing member.
(c) A stockholder providing written notice required by Section 5(b)(i) or (ii) shall update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for the meeting and (ii) the date that is five (5) business days prior to the meeting and, in the event of any adjournment or postponement thereof, five (5) business days prior to such adjourned or postponed meeting. In the case of an update and supplement pursuant to clause (i) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than five (5) business days after the record date for the meeting. In the case of an update and supplement pursuant to clause (ii) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than two (2) business days prior to the date for the meeting, and, in the event of any adjournment or postponement thereof, two (2) business days prior to such adjourned or postponed meeting.

(d) Notwithstanding anything in Section 5(b)(iii) to the contrary, in the event that the number of directors in an Expiring Class is increased and there is no public announcement of the appointment of a director to such class, or, if no appointment was made, of the vacancy in such class, made by the corporation at least ten (10) days before the last day a stockholder may deliver a notice of nomination in accordance with Section 5(b)(iii), a stockholder’s notice required by this Section 5 and which complies with the requirements in Section 5(b)(i), other than the timing requirements in Section 5(b)(iii), shall also be considered timely, but only with respect to nominees for any new positions in such Expiring Class created by such increase, if it shall be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the corporation. For purposes of this section, an “Expiring Class” shall mean a class of directors whose term shall expire at the next annual meeting of stockholders.

(e) A person shall not be eligible for election or re-election as a director unless the person is nominated either in accordance with clause (ii) of Section 5(a), or in accordance with clause (iii) of Section 5(a). Except as otherwise required by law, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, or the Proponent does not act in accordance with the representations in Sections 5(b)(iv)(D) and 5(b)(iv)(E), to declare that such proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded, notwithstanding that proxies in respect of such nominations or such business may have been solicited or received.

(f) Notwithstanding the foregoing provisions of this Section 5, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders’ meeting, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation’s proxy statement pursuant to Rule 14a-8 under the 1934 Act; provided, however, that any references in these Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to proposals and/or nominations to be considered pursuant to Section 5(a)(iii) of these Bylaws.

(g) For purposes of Sections 5 and 6,
(i) "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act; and

(ii) “affiliates” and “associates” shall have the meanings set forth in Rule 405 under the Securities Act of 1933, as amended (the “1933 Act”).

Section 6. Special Meetings.

(a) Special meetings of the stockholders of the corporation may be called, for any purpose as is a proper matter for stockholder action under Delaware law, by (i) the Chairperson of the Board of Directors, (ii) the Chief Executive Officer, or (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption).

(b) The Board of Directors shall determine the time and place, if any, of such special meeting. Upon determination of the time and place, if any, of the meeting, the Secretary shall cause a notice of meeting to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7 of these Bylaws. No business may be transacted at such special meeting otherwise than specified in the notice of meeting.

(c) Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the corporation who is a stockholder of record at the time of giving notice provided for in this paragraph, who shall be entitled to vote at the meeting and who delivers written notice to the Secretary of the corporation setting forth the information required by Section 5(b)(i). In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder of record may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation’s notice of meeting, if written notice setting forth the information required by Section 5(b)(i) of these Bylaws shall be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the later of the ninetieth (90th) day prior to such meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The stockholder shall also update and supplement such information as required under Section 5(c). In no event shall an adjournment or a postponement of a special meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder’s notice as described above.

(d) Notwithstanding the foregoing provisions of this Section 6, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder with respect to matters set forth in this Section 6. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation’s proxy statement pursuant to Rule 14a-8 under the 1934 Act; provided, however, that any references in these Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to nominations for the election to the Board of Directors to be considered pursuant to Section 6(e) of these Bylaws.
Section 7. Notice Of Meetings. Except as otherwise provided by law, notice, given in writing or by electronic transmission, of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, if any, date and hour, in the case of special meetings, the purpose or purposes of the meeting, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at any such meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder’s address as it appears on the records of the corporation. Notice of the time, place, if any, and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof, or by electronic transmission by such person, either before or after such meeting, and will be waived by any stockholder by his attendance thereat in person, by remote communication, if applicable, or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 8. Quorum. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairperson of the meeting or by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by statute or by applicable stock exchange rules, or by the Certificate of Incorporation or these Bylaws, in all matters other than the election of directors, the affirmative vote of the majority of shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the subject matter shall be the act of the stockholders. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by the statute or by the Certificate of Incorporation or these Bylaws, a majority of the outstanding shares of such class or classes or series, present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the election of directors, shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the majority (plurality, in the case of the election of directors) of shares of such class or classes or series present in person, by remote communication, if applicable, or represented by proxy at the meeting shall be the act of such class or classes or series.

Section 9. Adjournment And Notice Of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairperson of the meeting or by the vote of a majority of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting. When a meeting is adjourned to another time or place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.
Section 10. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 12 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote shall have the right to do so either in person, by remote communication, if applicable, or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period.

Section 11. Joint Owners Of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the DGCL, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

Section 12. List of Stockholders. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. The list shall be open to examination of any stockholder during the time of the meeting as provided by law.

Section 13. Action Without Meeting. No action shall be taken by the stockholders except at an annual or special meeting of stockholders called in accordance with these Bylaws, and no action shall be taken by the stockholders by written consent or by electronic transmission.

Section 14. Organization.

(a) At every meeting of stockholders, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed or is absent, the Chief Executive Officer, or if no Chief Executive Officer is then serving or is absent, the President, or, if the President is absent, a chairperson of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person or by proxy, shall act as chairperson. The Chairperson of the Board may appoint the Chief Executive Officer as chairperson of the meeting. The Secretary, or, in his or her absence, an Assistant Secretary or other officer or other person directed to do so by the chairperson of the meeting, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairperson of the
meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairperson shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. Unless and to the extent determined by the Board of Directors or the chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV
DIRECTORS

Section 15. Number And Term Of Office. The authorized number of directors of the corporation shall be fixed in accordance with the Certificate of Incorporation. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws.

Section 16. Powers. The powers of the corporation shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

Section 17. Classes of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, following the closing of the initial public offering pursuant to an effective registration statement under the 1933 Act, covering the offer and sale of Common Stock of the corporation to the public (the “Initial Public Offering”), the directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. The Board of Directors is authorized to assign members of the Board of Directors already in office to such classes at the time the classification becomes effective. At the first annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the Initial Public Offering, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the Initial Public Offering, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

Notwithstanding the foregoing provisions of this Section 17, each director shall serve until his successor is duly elected and qualified or until his earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 18. Vacancies. Unless otherwise provided in the Certificate of Incorporation, and subject to the rights of the holders of any series of Preferred Stock or as otherwise provided by applicable law, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal
or other causes and any newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director, and not by the stockholders, provided, however, that whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled by a majority of the directors elected by such class or classes or series thereof in office, or by a sole remaining director so elected, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director’s successor shall have been elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this Bylaw in the case of the death, removal or resignation of any director.

Section 19. Resignation. Any director may resign at any time by delivering his or her notice in writing or by electronic transmission to the Secretary, such resignation to specify whether it will be effective at a particular time. If no such specification is made, the Secretary, in his or her discretion, may either (a) require confirmation from the director prior to deeming the resignation effective, in which case the resignation will be deemed effective upon receipt of such confirmation, or (b) deem the resignation effective at the time of delivery of the resignation to the Secretary. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each Director so chosen shall hold office for the unexpired portion of the term of the Director whose place shall be vacated and until his successor shall have been duly elected and qualified.

Section 20. Removal.
(a) Subject to the rights of holders of any series of Preferred Stock to elect additional directors under specified circumstances, neither the Board of Directors nor any individual director may be removed without cause.
(b) Subject to any limitation imposed by law, any individual director or directors may be removed with cause by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of all then outstanding shares of capital stock of the corporation entitled to vote generally at an election of directors, voting together as a single class.

Section 21. Meetings.
(a) Regular Meetings. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware which has been designated by the Board of Directors and publicized among all directors, either orally or in writing, by telephone, including a voice-messaging system or other system designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means. No further notice shall be required for regular meetings of the Board of Directors.
(b) Special Meetings. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairperson of the Board, the Chief Executive Officer or a majority of the total number of authorized directors.
Meetings by Electronic Communications Equipment. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

Notice of Special Meetings. Notice of the time and place of all special meetings of the Board of Directors shall be orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting. If notice is sent by US mail, it shall be sent by first class mail, charges prepaid, at least three (3) days before the date of the meeting. Notice of any meeting may be waived in writing, or by electronic transmission, at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though it had been transacted at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 22. Quorum And Voting.

(a) Unless the Certificate of Incorporation requires a greater number, and except with respect to questions related to indemnification arising under Section 45 for which a quorum shall be one-third of the exact number of directors fixed from time to time, a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation, provided, however, at any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws.

Section 23. Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing or writings or transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.
Section 24. Fees And Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 25. Committees.

(a) Executive Committee. The Board of Directors may appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any Bylaw of the corporation.

(b) Other Committees. The Board of Directors may, from time to time, appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) Term. The Board of Directors, subject to any requirements of any outstanding series of Preferred Stock and the provisions of subsections (a) or (b) of this Section 25, may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 25 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place which has been determined from time to time by such committee, and may be called by any Director who is a member of such committee, upon notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the
Section 26. Duties of Chairperson of the Board of Directors. The Chairperson of the Board of Directors, if appointed and when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairperson of the Board of Directors shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

Section 27. Organization. At every meeting of the directors, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed or is absent, the Chief Executive Officer (if a director), or, if a Chief Executive Officer is absent, the President (if a director), or if the President is absent, the most senior Vice President (if a director), or, in the absence of any such person, a chairperson of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his absence, any Assistant Secretary or other officer, director or other person directed to do so by the person presiding over the meeting, shall act as secretary of the meeting.

ARTICLE V

OFFICERS

Section 28. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors, the Chief Executive Officer, the President, one or more Vice Presidents, the Secretary, the Chief Financial Officer and the Treasurer. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors.

Section 29. Tenure And Duties Of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(b) Duties of Chief Executive Officer. The Chief Executive Officer shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairperson of the Board of Directors has been appointed and is present. Unless an officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. To the extent that a Chief Executive Officer has been appointed and no President has been appointed, all references in these Bylaws to the President shall be deemed references to the Chief Executive Officer. The Chief Executive Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

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(c) **Duties of President.** The President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairperson of the Board of Directors or the Chief Executive Officer has been appointed and is present. Unless another officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The President shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

(d) **Duties of Vice Presidents.** A Vice President may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. A Vice President shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or, if the Chief Executive Officer has not been appointed or is absent, the President shall designate from time to time.

(e) **Duties of Secretary.** The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties provided for in these Bylaws and other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time. The Chief Executive Officer, or if no Chief Executive Officer is then serving, the President may direct any Assistant Secretary or other officer to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time.

(f) **Duties of Chief Financial Officer.** The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time. To the extent that a Chief Financial Officer has been appointed and no Treasurer has been appointed, all references in these Bylaws to the Treasurer shall be deemed references to the Chief Financial Officer. The President may direct the Treasurer, if any, or any Assistant Treasurer, or the controller or any assistant controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each controller and assistant controller shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time.
Duties of Treasurer. Unless another officer has been appointed Chief Financial Officer of the corporation, the Treasurer shall be the chief financial officer of the corporation and shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President, and, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Treasurer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President and Chief Financial Officer (if not Treasurer) shall designate from time to time.

Section 30. Delegation Of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 31. Resignations. Any officer may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors or to the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 32. Removal. Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by the unanimous written consent of the directors in office at the time, or by any committee or by the Chief Executive Officer or by other superior officers upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI
EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 33. Execution Of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.
Section 34. Voting Of Securities Owned By The Corporation. All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairperson of the Board of Directors, the Chief Executive Officer, the President, or any Vice President.

ARTICLE VII
SHARES OF STOCK

Section 35. Form And Execution Of Certificates. The shares of the corporation shall be represented by certificates, or shall be uncertificated if so provided by resolution or resolutions of the Board of Directors. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation represented by certificate shall be entitled to have a certificate signed by or in the name of the corporation by the Chairperson of the Board of Directors, or the President, or any Vice President and by the Treasurer or Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 36. Lost Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner’s legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 37. Transfers.

(a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and, in the case of stock represented by certificate, upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

Section 38. Fixing Record Dates.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, subject to applicable law, not be more
than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 39. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII
OTHER SECURITIES OF THE CORPORATION

Section 40. Execution Of Other Securities. All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 36), may be signed by the Chairperson of the Board of Directors, the President or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Chief Financial Officer or Treasurer or an Assistant Treasurer; provided, however, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.
ARTICLE IX
DIVIDENDS

Section 41. Declaration Of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 42. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X
FISCAL YEAR

Section 43. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

ARTICLE XI
INDEMNIFICATION

Section 44. Indemnification of Directors, Executive Officers, Other Officers, Employees and Other Agents.

(a) Directors and executive officers. The corporation shall indemnify its directors and executive officers (for the purposes of this Article XI, "executive officers" shall have the meaning defined in Rule 3b-7 promulgated under the 1934 Act) to the extent not prohibited by the DGCL or any other applicable law; provided, however, that the corporation may modify the extent of such indemnification by individual contracts with its directors and executive officers; and, provided, further, that the corporation shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the DGCL or any other applicable law or (iv) such indemnification is required to be made under subsection (d).

(b) Other Officers, Employees and Other Agents. The corporation shall have power to indemnify its other officers, employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person except executive officers to such officers or other persons as the Board of Directors shall determine.
(c) Expenses. The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or executive officer, of the corporation, or is or was serving at the request of the corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or executive officer in connection with such proceeding provided, however, that if the DGCL requires, an advancement of expenses incurred by a director or executive officer in his or her capacity as a director or executive officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an “undertaking”), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a “final adjudication”) that such indemnitee is not entitled to be indemnified for such expenses under this section or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (e) of this section, no advance shall be made by the corporation to an executive officer of the corporation (except by reason of the fact that such executive officer is or was a director of the corporation in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by a majority vote of directors who were not parties to the proceeding, even if not a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and executive officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or executive officer. Any right to indemnification or advances granted by this section to a director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. To the extent permitted by law, the claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an executive officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such executive officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the DGCL or any other applicable law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a
presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or executive officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or executive officer is not entitled to be indemnified, or to such advancement of expenses, under this section or otherwise shall be on the corporation.

(e) Non-Exclusivity of Rights. The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL, or by any other applicable law.

(f) Survival of Rights. The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director or executive officer or officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the DGCL or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this section.

(h) Amendments. Any repeal or modification of this section shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) Saving Clause. If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and executive officer to the full extent not prohibited by any applicable portion of this section that shall not have been invalidated, or by any other applicable law. If this section shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and executive officer to the full extent under any other applicable law.

(j) Certain Definitions. For the purposes of this Bylaw, the following definitions shall apply:

(i) The term “proceeding” shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(ii) The term “expenses” shall be broadly construed and shall include, without limitation, court costs, attorneys’ fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(iii) The term the “corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.
(iv) References to a “director,” “executive officer,” “officer,” “employee,” or “agent” of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(v) References to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the corporation” shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the corporation” as referred to in this section.

ARTICLE XII

NOTICES

Section 45. Notices.

(a) Notice To Stockholders. Written notice to stockholders of stockholder meetings shall be given as provided in Section 7 herein. Without limiting the manner by which notice may otherwise be given effectively to stockholders under any agreement or contract with such stockholder, and except as otherwise required by law, written notice to stockholders for purposes other than stockholder meetings may be sent by US mail or nationally recognized overnight courier, or by facsimile, telegraph or telex or by electronic mail or other electronic means.

(b) Notice To Directors. Any notice required to be given to any director may be given by the method stated in subsection (a), as otherwise provided in these Bylaws with notice other than one which is delivered personally to be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known address of such director.

(c) Affidavit Of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, or other agent, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all recipients of notice, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(e) Notice To Person With Whom Communication Is Unlawful. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency

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for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(f) Notice to Stockholders Sharing an Address. Except as otherwise prohibited under DGCL, any notice given under the provisions of DGCL, the Certificate of Incorporation or the Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Such consent shall have been deemed to have been given if such stockholder fails to object in writing to the corporation within sixty (60) days of having been given notice by the corporation of its intention to send the single notice. Any consent shall be revocable by the stockholder by written notice to the corporation.

ARTICLE XIII

AMENDMENTS

Section 46. Subject to the limitations set forth in Section 44(h) of these Bylaws or the provisions of the Certificate of Incorporation, the Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the corporation. Any adoption, amendment or repeal of the Bylaws of the corporation by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE XIV

LOANS TO OFFICERS

Section 47. Loans To Officers. Except as otherwise prohibited by applicable law, the corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these Bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

ARTICLE XV

FORUM FOR ADJUDICATION OF DISPUTES

Section 48. Forum for Adjudication of Disputes. Unless the corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the
corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the corporation to the corporation or the corporation’s stockholders, (c) any action asserting a claim arising pursuant to any provision of the DGCL, or (d) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the corporation shall be deemed to have notice of and consented to the provisions of this Section 48.
I HEREBY CERTIFY THAT:

I am the duly elected and acting Secretary of RAPT THERAPEUTICS, INC., a Delaware corporation (the "Company"); and

Attached hereto is a complete and accurate copy of the Amended and Restated Bylaws of the Company as duly adopted by the stockholders of the Company by Action by Written Consent of the Stockholders of the Company dated ___, 2019 and said Amended and Restated Bylaws are presently in effect.

Signed on __________

__________________________________
Secretary
FLX BIO, INC.

AMENDED AND RESTATED INVESTORS’ RIGHTS AGREEMENT

This AMENDED AND RESTATED INVESTORS’ RIGHTS AGREEMENT (the “Agreement”) is made as of the 18th day of December, 2018, by and among FLX Bio, Inc., a Delaware corporation (the “Company”), and the investors listed on Schedule A hereto, each of which is herein referred to as an “Investor” and collectively as the “Investors” and amends and restates in its entirety the Prior Agreement (as defined below).

RECITALS

WHEREAS, on the date of this Agreement, the Company and certain of the Investors have entered into that certain Series C-2 Preferred Stock Purchase Agreement (the “Series C Agreement”);

WHEREAS, in order to induce such Investors to purchase Series C-2 Preferred Stock, par value $0.0001 per share (the “Series C-2 Preferred Stock”) and invest funds in the Company pursuant to the Series C-2 Agreement, the Investors and the Company hereby agree that this Agreement shall govern the rights of the Investors to cause the Company to register shares of Common Stock, par value $0.0001 per share (the “Common Stock”), issued or issuable to them and certain other matters as set forth herein;

WHEREAS, certain of the Investors (the “Prior Investors”) are holders of the Company’s Series A Preferred Stock (the “Series A Preferred Stock”), Series B Preferred Stock (the “Series B Preferred Stock”) and, Series C Preferred Stock (the “Series C Preferred Stock”) and together with the Series A Preferred Stock, Series B Preferred Stock and Series C-2 Preferred Stock, the “Preferred Stock”);

WHEREAS, the Prior Investors and the Company are parties to an Investors’ Rights Agreement dated December 15th, 2017 (the “Prior Agreement”); and

WHEREAS, the parties to the Prior Agreement desire to amend and restate the Prior Agreement and accept the rights and covenants hereof in lieu of their rights and covenants under the Prior Agreement.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Definitions. For purposes of this Agreement:

(a) The term “Act” means the Securities Act of 1933, as amended.

(b) The term “Affiliate” means, with respect to any Person, any other Person who or which, directly or indirectly, controls, is controlled by, or is under common control with such specified Person, including, without limitation, any general partner, officer, director or manager of such Person and any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or is under common investment management with, such Person.
(c) The term “Board” means the Company’s Board of Directors, as constituted from time to time.

(d) The term “Form S-3” means such form under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the SEC that permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(e) The term “Free Writing Prospectus” means a free-writing prospectus, as defined in Rule 405.

(f) The term “Holder” means any Person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 2.10 of this Agreement.

(g) The term “Initial Offering” means the Company’s first firm commitment underwritten public offering of its Common Stock under the Act.


(i) The term “Person” shall mean any individual, corporation, partnership, trust, limited liability company, association or other entity.

(j) The terms “register,” “registered,” and “registration” refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness of such registration statement or document.

(k) The term “Registrable Securities” means (i) the Common Stock issuable or issued upon conversion of the Preferred Stock, and (ii) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange for, or in replacement of, the shares referenced in (i) above, excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which his rights under Section 2 of this Agreement are not assigned. In addition, the number of shares of Registrable Securities outstanding shall equal the aggregate of the number of shares of Common Stock outstanding that are, and the number of shares of Common Stock issuable pursuant to then exercisable or convertible securities that are, Registrable Securities.

(l) The term “Restated Certificate” shall mean the Company’s Amended and Restated Certificate of Incorporation, as amended and/or restated from time to time.

(m) The term “Rule 144” shall mean Rule 144 under the Act.

(n) The term “Rule 144(b)(1)(i)” shall mean subsection (b)(1)(i) of Rule 144 under the Act as it applies to Persons who have held shares for more than one (1) year.

2.
2. Registration Rights. The Company covenants and agrees as follows:

2.1 Request for Registration.

(a) Subject to the conditions of this Section 2.1, if the Company shall receive at any time after the earlier of (i) five (5) years after the date of this Agreement or (ii) six (6) months after the effective date of the Initial Offering, a written request from the Holders of at least thirty percent (30%) of the Registrable Securities then outstanding (for purposes of this Section 2.1, the “Initiating Holders”) that the Company file a registration statement under the Act covering the registration of Registrable Securities with an anticipated aggregate offering price of at least $20,000,000, then the Company shall, within twenty (20) days of the receipt thereof, give written notice of such request to all Holders, and subject to the limitations of this Section 2.1, use its commercially reasonable efforts to effect, as soon as practicable, the registration under the Act of all Registrable Securities that the Holders request to be registered in a written request received by the Company within twenty (20) days of the mailing of the Company’s notice pursuant to this Section 2.1(a).

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 2.1, and the Company shall include such information in the written notice referred to in Section 2.1(a). In such event the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder’s participation in such underwriting and the inclusion of such Holder’s Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company (which underwriter or underwriters shall be reasonably acceptable to those Initiating Holders holding a majority of the Registrable Securities then held by all Initiating Holders). Notwithstanding any other provision of this Section 2.1, if the underwriter advises the Company that marketing factors require a limitation on the number of securities underwritten (including Registrable Securities), then the Company shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated to the Holders of such Registrable Securities pro rata based on the number of Registrable Securities held by all such Holders (including the Initiating Holders). In no event shall any Registrable Securities be excluded from such underwriting unless all other securities are first excluded. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.
(c) Notwithstanding the foregoing, the Company shall not be required to effect a registration pursuant to this Section 2.1:

(i) in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, unless the Company is already subject to service in such jurisdiction and except as may be required under the Act; or

(ii) after the Company has effected two (2) registrations pursuant to this Section 2.1, and such registrations have been declared or ordered effective; or

(iii) during the period starting with the date sixty (60) days prior to the Company’s good faith estimate of the date of the filing of and ending on a date one hundred eighty (180) days following the effective date of a Company-initiated registration subject to Section 2.2 below, provided that the Company is actively employing in good faith its commercially reasonable efforts to cause such registration statement to become effective; or

(iv) if the Initiating Holders propose to dispose of Registrable Securities that may be registered on Form S-3 pursuant to Section 2.3 hereof; or

(v) if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 2.1 a certificate signed by the Company’s Chief Executive Officer or Chairman of the Board stating that in the good faith judgment of the Board, it would be seriously detrimental to the Company and its stockholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders; provided that such right shall be exercised by the Company not more than once in any twelve (12) month period; and provided further that the Company shall not register any securities for the account of itself or any other stockholder during such ninety (90) day period (other than a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered).

2.2 Company Registration.

(a) If (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for stockholders other than the Holders) any of its stock or other securities under the Act in connection with the public offering of such securities (other than (i) a registration relating to a demand pursuant to Section 2.1 of this Agreement or (ii) a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after mailing of such notice by the Company in accordance with Section 4.5 of this Agreement, the Company shall, subject to the provisions of Section 2.2(c) of this Agreement, use its commercially reasonable efforts to cause to be registered under the Act all of the Registrable Securities that each such Holder requests to be registered.
(b) **Right to Terminate Registration.** The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.2 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Section 2.6 hereof.

(c) **Underwriting Requirements.** In connection with any offering involving an underwriting of shares of the Company’s capital stock, the Company shall not be required under this Section 2.2 to include any of the Holders’ securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by the Company (or by other Persons entitled to select the underwriters) and enter into an underwriting agreement in customary form with such underwriters, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, that the underwriters determine in their sole discretion will not jeopardize the success of the offering. In the event that the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be apportioned pro rata among the selling Holders based on the number of Registrable Securities held by all selling Holders or in such other proportions as shall mutually be agreed to by all such selling Holders. Notwithstanding the foregoing, in no event shall (i) any Registrable Securities be excluded from such offering unless all other stockholders’ securities have been first excluded from the offering, and (ii) the amount of securities of the selling Holders included in the offering be reduced below thirty percent (30%) of the total amount of securities included in such offering, unless such offering is the Initial Offering, in which case the selling Holders may be excluded if the underwriters make the determination described above and no other stockholder’s securities are included in such offering. For purposes of the preceding sentence concerning apportionment, for any selling stockholder that is a Holder of Registrable Securities and that is a venture capital fund, partnership or corporation, the affiliated venture capital funds, partners, members, retired partners and stockholders of such Holder, or the estates and family members of any such partners, members and retired partners and any trusts for the benefit of any of the foregoing Persons shall be deemed to be a single “selling Holder,” and any pro rata reduction with respect to such “selling Holder” shall be based upon the aggregate amount of Registrable Securities owned by all such related entities and individuals.
2.3 Form S-3 Registration. In case the Company shall receive from the Holders of at least twenty percent (20%) of the Registrable Securities (for purposes of this Section 2.3, the "S-3 Initiating Holders") a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company shall:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) use its commercially reasonable efforts to effect, as soon as practicable, such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 2.3:

(i) if Form S-3 is not available for such offering by the Holders;

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters’ discounts or commissions) of less than $5,000,000;

(iii) if the Company shall furnish to all Holders requesting a registration statement pursuant to this Section 2.3 a certificate signed by the Company’s Chief Executive Officer or Chairman of the Board stating that in the good faith judgment of the Board, it would be seriously detrimental to the Company and its stockholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the S-3 Initiating Holders; provided that such right shall be exercised by the Company not more than once in any twelve (12) month period; and provided further that the Company shall not register any securities for the account of itself or any other stockholder during such ninety (90) day period (other than a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered);

(iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations on Form S-3 pursuant to this Section 2.3;

(v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required under the Act;

6.
(vi) if the Company, within thirty (30) days of receipt of the request of such S-3 Initiating Holders, gives notice of its bona fide intention to effect the filing of a registration statement with the SEC within one hundred twenty (120) days of receipt of such request (other than a registration effected solely to qualify an employee benefit plan or to effect a business combination pursuant to Rule 145), provided that the Company is actively employing in good faith its commercially reasonable efforts to cause such registration statement to become effective; or

(vii) during the period starting with the date thirty (30) days prior to the Company’s good faith estimate of the date of the filing of and ending on a date ninety (90) days following the effective date of a Company-initiated registration subject to Section 2.2 of this Agreement, provided that the Company is actively employing in good faith its commercially reasonable efforts to cause such registration statement to become effective.

(c) If the S-3 Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 2.3 and the Company shall include such information in the written notice referred to in Section 2.3(a). The provisions of Section 2.1(b) of this Agreement shall be applicable to such request (with the substitution of Section 2.3 for references to Section 2.1).

(d) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the S-3 Initiating Holders. Registrations effected pursuant to this Section 2.3 shall not be counted as requests for registration effected pursuant to Section 2.1 of this Agreement.

2.4 Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the Registration Statement has been completed;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement;

(c) furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus and any Free Writing Prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;
(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering;

(f) notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus or Free Writing Prospectus (to the extent prepared by or on behalf of the Company) relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, and, at the request of any such Holder, the Company will, as soon as reasonably practicable, file and furnish to all such Holders a supplement or amendment to such prospectus or Free Writing Prospectus (to the extent prepared by or on behalf of the Company) so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(g) cause all such Registrable Securities registered pursuant to this Section 2 to be listed on a national exchange or trading system and on each securities exchange and trading system on which similar securities issued by the Company are then listed; and

(h) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

Notwithstanding the provisions of this Section 2, the Company shall be entitled to postpone or suspend, for a reasonable period of time, the filing, effectiveness or use of, or trading under, any registration statement if the Company shall determine that any such filing or the sale of any securities pursuant to such registration statement would in the good faith judgment of the Board:

(i) materially impede, delay or interfere with any material pending or proposed financing, acquisition, corporate reorganization or other similar transaction involving the Company for which the Board has authorized negotiations;

(ii) materially and adversely impair the consummation of any pending or proposed material offering or sale of any class of securities by the Company; or

(iii) require disclosure of material nonpublic information that, if disclosed at such time, would be materially harmful to the interests of the Company and its stockholders; provided, however, that during any such period all executive officers and directors of the Company are also prohibited from selling securities of the Company (or any security of any of the Company’s subsidiaries or affiliates).

8.
In the event of the suspension of effectiveness of any registration statement pursuant to this Section 2.4, the applicable time period during which such registration statement is to remain effective shall be extended by that number of days equal to the number of days the effectiveness of such registration statement was suspended.

2.5 **Information from Holder.** It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be reasonably required to effect the registration of such Holder’s Registrable Securities.

2.6 **Expenses of Registration.** All expenses other than underwriting discounts and commissions incurred in connection with registrations, filings or qualifications pursuant to Sections 2.1, 2.2 and 2.3 of this Agreement, including, without limitation, all registration, filing and qualification fees, printers’ and accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements of one counsel for the selling Holders (not to exceed $40,000) shall be borne by the Company. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.1 or Section 2.3 of this Agreement if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration) unless, in the case of a registration requested under Section 2.1 of this Agreement, the Holders of a majority of the Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 2.1 of this Agreement; provided, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any of such expenses and shall retain their rights pursuant to Sections 2.1 and 2.3 of this Agreement.

2.7 **Delay of Registration.** No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.8 **Indemnification.** In the event any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, members, officers, directors and stockholders of each Holder, legal counsel and accountants for each Holder, any underwriter (as defined in the Act) for such Holder and each Person, if any, who controls such Holder or underwriter within the meaning of the Act or the 1934 Act, against any losses, claims, damages or liabilities (joint or several) to
which they may become subject under the Act, the 1934 Act, any state securities laws or any rule or regulation promulgated under the Act, the 1934 Act or any state securities laws, insofar as such losses, claims, damages, or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively, a “Violation”): (i) any untrue or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus, final prospectus, or Free Writing Prospectus contained therein or any amendments or supplements thereto, any issuer information (as defined in Rule 433 of the Act) filed or required to be filed pursuant to Rule 433(d) under the Act or any other document incident to such registration prepared by or on behalf of the Company or used or referred to by the Company, (ii) the omission or alleged omission of a material fact required to be stated in such registration statement, or necessary to make the statements therein not misleading or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act, any state securities laws or any rule or regulation promulgated under the Act, the 1934 Act or any state securities laws, and the Company will reimburse each such Holder, underwriter, controlling Person or other aforementioned Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 2.8(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, action or proceeding if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability, action or proceeding to the extent that it arises out of or is based upon a Violation that occurs in reliance upon, and in conformity with, written information furnished expressly for use in connection with such registration by any such Holder, underwriter, controlling Person or other aforementioned Person.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each Person, if any, who controls the Company within the meaning of the Act, legal counsel and accountants for the Company, any underwriter, any other Holder selling securities in such registration statement and any controlling Person of any such underwriter or other Holder, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing Persons may become subject, under the Act, the 1934 Act, any state securities laws or any rule or regulation promulgated under the Act, the 1934 Act or any state securities laws, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will reimburse any Person intended to be indemnified pursuant to this Section 2.8(b) for any legal or other expenses reasonably incurred by such Person in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 2.8(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, action or proceeding if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld), and provided that in no event shall any indemnity under this Section 2.8(b) exceed the net proceeds from the offering received by such Holder.
(c) Promptly after receipt by an indemnified party under this Section 2.8 of notice of the commencement of any action or proceeding (including any governmental action or proceeding) for which a party may be entitled to indemnification, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.8, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one (1) separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action or proceeding, if prejudicial to its ability to defend such action or proceeding, shall relieve such indemnifying party of liability to the indemnified party under this Section 2.8 to the extent of such prejudice, but the omission to so deliver written notice to the indemnifying party will not relieve such indemnifying party of any liability that it may have to any indemnified party otherwise than under this Section 2.8.

(d) If the indemnification provided for in this Section 2.8 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other hand in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations; provided, however, that (i) no contribution by any Holder, when combined with any amounts paid by such Holder pursuant to Section 2.8(b), shall exceed the net proceeds from the offering received by such Holder and (ii) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder’s liability pursuant to this Section 2.8(d), when combined with the amounts paid or payable by such Holder pursuant to Section 2.8(b), exceed the proceeds from the offering received by such Holder (net of any expenses paid by such Holder). The relative fault of the indemnifying party and the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

11.
The obligations of the Company and Holders under this Section 2.8 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 2 and otherwise.

2.9 Reports Under the 1934 Act. With a view to making available to the Holders the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times after the effective date of the Initial Offering;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company and (iii) such other information as may be reasonably requested to avail any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to such form.

2.10 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such securities that (a) is an Affiliate, subsidiary, parent, partner, limited partner, retired partner, member or stockholder of a Holder, (b) is a Holder’s family member or trust for the benefit of an individual Holder or any of such Holder’s family members, or (c) after such assignment or transfer, holds at least one million shares of Registrable Securities (appropriately adjusted for any stock split, dividend, combination or other recapitalization), provided: (i) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (ii) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including, without limitation, the provisions of Section 2.12 of this Agreement; and (iii) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Act.

2.11 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders holding at least fifty-five percent (55%) of the Registrable Securities then held by all Holders, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (a) to include any of such securities in any registration filed under Section 2.1, Section 2.2 or Section 2.3 of this Agreement, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the amount of the Registrable Securities of the Holders that are included or (b) to demand registration of their securities.
2.12 “Market Stand-Off” Agreement.

(a) Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the Initial Offering and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock (whether such shares or any such securities are then owned by the Holder or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 2.12 shall apply only to the Initial Offering, shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holders if all officers, directors and greater than one percent (1%) stockholders of the Company enter into similar agreements. The underwriters in connection with the Initial Offering are intended third-party beneficiaries of this Section 2.12 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the Initial Offering that are consistent with this Section 2.12 or that are necessary to give further effect thereto. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply to all Holders subject to such agreements pro rata based on the number of shares subject to such agreements.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other Person subject to the foregoing restriction) until the end of such period.

(b) Each Holder agrees that a legend reading substantially as follows shall be placed on all certificates representing all shares or securities of the Company of each Holder (and the shares or securities of every other Person subject to the restriction contained in this Section 2.12):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD AFTER THE EFFECTIVE DATE OF THE ISSUER’S REGISTRATION STATEMENT FILED UNDER THE ACT, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE ISSUER’S PRINCIPAL OFFICE. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SHARES.

13.
2.13 Termination of Registration Rights. No Holder shall be entitled to exercise any right provided for in this Section 2: (a) after five (5) years following the consummation of the Initial Offering, (b) as to any Holder, such earlier time after the Initial Offering at which such Holder (i) can sell all shares held by it in compliance with Rule 144(b)(1)(i) or (ii) holds one percent (1%) or less of the Company’s outstanding Common Stock and all Registrable Securities held by such Holder (together with any Affiliate of the Holder with whom such Holder must aggregate its sales under Rule 144) can be sold in any three (3) month period without registration in compliance with Rule 144 or (c) after the consummation of a Liquidation Event, as that term is defined in the Restated Certificate.

3. Covenants of the Company.

3.1 Delivery of Financial Statements.

(a) The Company shall, upon request, deliver to each Investor (or transferee of an Investor) that holds at least one million four hundred thousand (1,400,000) shares of Registrable Securities (appropriately adjusted for any stock split, dividend, combination or other recapitalization) (a “Major Investor”):

(i) as soon as practicable, but in any event within one hundred eighty (180) days after the end of each fiscal year of the Company, an income statement for such fiscal year, a balance sheet of the Company and statement of stockholders’ equity as of the end of such year, and a statement of cash flows for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles (“GAAP”), and, from and after the date that the Company begins auditing its financial statements upon request by the Board, audited and certified by independent public accountants of nationally recognized standing selected by the Company;

(ii) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first four (4) quarters of each fiscal year of the Company, an unaudited income statement and statement of cash flows for such fiscal quarter and an unaudited balance sheet as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (A) be subject to normal year-end audit adjustments and (B) not contain all notes thereto that may be required in accordance with GAAP);

(iii) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first four (4) quarters of each fiscal year of the Company, a statement showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the period, the Common Stock issuable upon conversion or exercise of any outstanding securities convertible or exercisable for Common Stock and the exchange ratio or exercise price applicable thereto, and the number of shares of issued stock options and stock options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the Major Investors to calculate their respective percentage equity ownership in the Company;
(iv) within thirty (30) days of the end of each month, an unaudited income statement for such month, and an unaudited balance sheet as of the end of such month, all prepared in accordance with GAAP (except that such financial statements may (A) be subject to normal year-end audit adjustments and (B) not contain all notes thereto that may be required in accordance with GAAP);

(v) as soon as practicable, but in any event at least thirty (30) days prior to the end of each fiscal year, a budget and business plan for the next fiscal year, prepared on a monthly basis, including balance sheets, income statements and statements of cash flows for such months and, as soon as prepared, any other budgets or revised budgets prepared by the Company; and

(vi) such other information relating to the financial condition, business or corporate affairs of the Company as the Major Investor may from time to time request, provided, however, that the Company shall not be obligated under this subsection (v) or any other subsection of Section 3.1 to provide information that (A) it deems in good faith to be a trade secret or similar confidential information or (B) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

(b) Notwithstanding anything else in this Section 3.1 to the contrary, the Company may cease providing the information set forth in this Section 3.1 during the period starting with the date thirty (30) days before the Company’s good-faith estimate of the date of filing of a registration statement if it reasonably concludes it must do so to comply with the SEC rules applicable to such registration statement and related offering; provided that the Company’s covenants under this Section 3.1 shall be reinstated at such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

3.2 Inspection. The Company shall permit each Major Investor, at such Major Investor’s expense, to visit and inspect the Company’s properties, to examine its books of account and records and to discuss the Company’s affairs, finances and accounts with its officers, all at such reasonable times as may be requested by the Major Investor; provided, however, that the Company shall not be obligated pursuant to this Section 3.2 to provide access to any information that (A) it deems in good faith to be a trade secret or similar confidential information or (B) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

3.3 Observer Rights. As long as Topspin Fund, LP (“Topspin”) owns not less than fifty percent (50%) of the shares of Series B Preferred Stock it purchased pursuant to the Series B Preferred Stock Purchase Agreement, dates as of April 21, 2016 (the “Series B Agreement”), and not less than fifty percent (50%) of the shares of Series C Preferred Stock it is purchasing pursuant to the Series C Agreement (as each may be adjusted for any stock split, dividend, combination or other recapitalization)(or an equivalent amount of Common Stock issued upon conversion thereof), the Company shall invite one representative of Topspin to attend all meetings of its Board in a nonvoting observer capacity and, in this respect, shall give such representatives copies of all notices, minutes, consents, and other materials that it provides to its directors and, as long as The Regents of The University of California (“UC Regents”) owns not less than fifty percent (50%) of the shares of Series B Preferred Stock it purchased pursuant to the Series B Agreement and not less than fifty percent (50%) of the shares of Series C Preferred Stock
it is purchasing under the Series C Agreement (as each may be adjusted for any stock split, dividend, combination or other recapitalization (or an equivalent amount of Common Stock issued upon conversion thereof), the Company shall invite one representative of UC Regents to attend all meetings of its Board in a nonvoting observer capacity and, in this respect, shall also give such representatives copies of all notices, minutes, consents, and other materials that it provides to its directors; provided, however, that such representatives shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided unless otherwise required by law; and provided further, that the Company reserves the right to withhold any information and to exclude such representatives from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such Investor or its representative is a competitor of the Company.

3.4 Termination of Information, Inspection and Observation Covenants. The covenants set forth in Sections 3.1, 3.2 and 3.3 shall terminate and be of no further force or effect upon the earlier to occur of (a) the consummation of a Qualified Public Offering, as that term is defined in the Restated Certificate, (b) the occurrence of a Stockholder Automatic Conversion, as that term is defined in the Restated Certificate, (c) when the Company first becomes subject to the periodic reporting requirements of Sections 12(g) or 15(d) of the 1934 Act, whichever event shall first occur and (d) the consummation of a Liquidation Event, as that term is defined in the Restated Certificate.

3.5 Right of First Offer. Subject to the terms and conditions specified in this Section 3.5, the Company hereby grants to each Major Investor a right of first offer with respect to future sales by the Company of its Shares (as hereinafter defined). For purposes of this Section 3.5, the term “Major Investor” includes any general partners and Affiliates of a Major Investor. A Major Investor shall be entitled to apportion the right of first offer hereby granted it among itself and its partners and Affiliates in such proportions as it deems appropriate.

Each time the Company proposes to offer any shares of, or securities convertible into or exchangeable or exercisable for any shares of, its capital stock (“Shares”); the Company shall first make an offering of such Shares to each Major Investor in accordance with the following provisions:

(a) The Company shall deliver a notice in accordance with Section 4.5 (“Notice”) to the Major Investors stating (i) its bona fide intention to offer such Shares, (ii) the number of such Shares to be offered and (iii) the price and terms upon which it proposes to offer such Shares.

(b) By written notification received by the Company within twenty (20) calendar days after the giving of Notice, each Major Investor may elect to purchase, at the price and on the terms specified in the Notice, up to that portion of such Shares that equals the proportion that the number of shares of Registrable Securities issued and held by such Major Investor (assuming full conversion and exercise of all convertible and exercisable securities then outstanding) bears to the total number of shares of Common Stock of the Company then outstanding (assuming full conversion and exercise of all convertible and exercisable securities then outstanding) (such amount, a “Pro Rata Share”). At the expiration of such twenty (20)
calendar day period, the Company shall promptly, in writing, notify each Major Investor that elects to purchase all the shares available to it (a “Fully-Exercising Investor”) of any other Major Investor’s failure to do likewise. During the ten (10) calendar day period commencing after the Company has given such notice to the Fully-Exercising Investors, each Fully-Exercising Investor may elect to purchase that portion of the Shares for which Major Investors were entitled to subscribe, but which were not subscribed for by the Major Investors, that is equal to the proportion that the number of shares of Registrable Securities issued and held by such Fully-Exercising Investor bears to the total number of shares of Common Stock issued and held, or issuable upon conversion of the Preferred Stock then held, by all Fully-Exercising Investors who wish to purchase some of the unsubscribed shares.

(c) If all Shares that Major Investors are entitled to obtain pursuant to Section 3.5(b) of this Agreement are not elected to be obtained as provided in Section 3.5(b) of this Agreement, the Company may, during the ninety (90) day period following the expiration of the period provided in Section 3.5(b) of this Agreement, offer the remaining unsubscribed portion of such Shares to any Person or Persons at a price not less than that, and upon terms no more favorable to the offeree than those, specified in the Notice. If the Company does not enter into an agreement for the sale of the Shares within such period, or if such agreement is not consummated within sixty (60) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Shares shall not be offered unless first reoffered to the Major Investors in accordance herewith.

(d) The right of first offer in this Section 3.5 shall not be applicable to (i) the issuance or sale of shares of Common Stock (or options therefor) to employees, directors, consultants and other service providers for the primary purpose of soliciting or retaining their services pursuant to plans or agreements approved by the Board; (ii) the issuance of securities pursuant to the sale of securities pursuant to a registration statement filed by the Company under the Act in connection with the firm commitment underwritten offering of its securities to the general public or a Stockholder Automatic Conversion (as defined in the Restated Certificate); (iii) the issuance of securities pursuant to the conversion or exercise of convertible or exercisable securities outstanding on the date hereof; (iv) the issuance of securities in connection with a bona fide business acquisition by the Company, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise, provided such acquisition is approved by the Board; (v) the issuance and sale of Series C-2 Preferred Stock pursuant to the Series C-2 Agreement; (vi) the issuance of stock, warrants or other securities or rights pursuant to any equipment leasing arrangement or debt financing arrangement, which arrangement is approved by the Board and is primarily for non-equity financing purposes; (vii) the issuance of stock, warrants or other securities or rights to Persons or entities with which the Company has business relationships, provided such issuances are approved by the Board and are primarily for non-equity financing purposes or (viii) the issuance of securities that are issued with unanimous approval of the Board and the Board specifically states that such securities shall not be subject to this Section 3.5. In addition to the foregoing, the right of first offer in this Section 3.5 shall not be applicable with respect to any Major Investor in any subsequent offering of Shares if (i) at the time of such offering, the Major Investor is not an “accredited investor,” as that term is then defined in Rule 501(a) of the Act and (ii) such offering of Shares is otherwise being offered only to accredited investors.
3.5 Rights Assignment. The rights provided in this Section 3.5 may not be assigned or transferred by any Major Investor; provided, however, that UC Regents or a Major Investor that is a venture capital fund may assign or transfer such rights to its Affiliates.

3.6 Proprietary Information and Inventions Agreements. The Company shall require all present and future employees and consultants to execute and deliver a Proprietary Information and Inventions Agreement in substantially the form approved by the Board or a consulting agreement containing substantially similar proprietary rights assignment and confidentiality provisions.

3.7 Employee Agreements. Unless approved by the Board, all future employees of the Company who shall purchase, or receive options to purchase, shares of Common Stock following the date hereof shall be required to execute stock purchase or option agreements providing for (a) vesting of shares over a four (4) year period with the first twenty five percent (25%) of such shares vesting following twelve (12) months of continued employment or services, and the remaining shares vesting in equal monthly installments over the following thirty six (36) months thereafter and (b) a one hundred and eighty (180)-day lockup period (plus an additional period of up to eighteen (18) days) in connection with the Initial Public Offering. The Company shall retain a right of first refusal on transfers until the Initial Public Offering and the right to repurchase unvested shares at cost.

3.8 Insurance. The Company has as of the date hereof directors and officers liability insurance in an amount and on terms and conditions satisfactory to the Board, and will use its commercially reasonable efforts to cause such insurance policy to be maintained until such time as the Board determines that such insurance should be discontinued.

3.9 Indemnification Matters. The Company hereby acknowledges that one (1) or more of the directors nominated to serve on the Board by the Investors (each a “Fund Director”) may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more of the Investors and certain of their affiliates (collectively, the “Fund Indemnitors”). The Company hereby agrees (a) that it is the indemnitor of first resort (i.e., its obligations to any such Fund Director are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Fund Director are secondary), (b) that it shall be required to advance the full amount of expenses incurred by such Fund Director and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement by or on behalf of any such Fund Director to the extent legally permitted and as required by the Restated Certificate or Bylaws of the Company (or any agreement between the Company and such Fund Director), without regard to any rights such Fund Director may have against the Fund Indemnitors, and, (c) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of
any such Fund Director with respect to any claim for which such Fund Director has sought indemnification from the Company shall affect the
foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the
rights of recovery of such Fund Director against the Company.

3.10 Successor Indemnification. If the Company or any of its successors or assignees consolidates with or merges into any other Person and
is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provision shall be made so
that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board as
in effect immediately before such transaction, whether such obligations are contained in the Company’s Bylaws, the Restated Certificate, or elsewhere,
as the case may be.

3.11 Confidentiality. Each Investor agrees, severally and not jointly, to use the same degree of care as such Investor uses to protect its own
confidential information for any information obtained pursuant to this Agreement or otherwise as a stockholder of the Company which the Company
identifies in writing as being proprietary or confidential and such Investor acknowledges that it will not, unless otherwise required by law or the rules
of any national securities exchange, association or marketplace, disclose such information without the prior written consent of the Company except
such information that (a) was in the public domain prior to the time it was furnished to such Investor, (b) is or becomes (through no willful improper
action or inaction by such Investor) generally available to the public, (c) was in its possession or known by such Investor without restriction prior to
receipt from the Company, (d) was rightfully disclosed to such Investor by a third party without restriction or (e) was independently developed without
any use of the Company’s confidential information. Notwithstanding the foregoing, each Investor that is a limited partnership or limited liability
company may disclose such proprietary or confidential information to any former partners or members who retained an economic interest in such
Investor, current partner of the partnership or any subsequent partnership under common investment management, limited partner, general partner,
member or management company of such Investor (or any employee or representative of any of the foregoing) (each of the foregoing Persons, a
“Permitted Disclosee”) or legal counsel, accountants or representatives for such Investor. Furthermore, nothing contained herein shall prevent any
Investor or any Permitted Disclosee from (i) entering into any business, entering into any agreement with a third party, or investing in or engaging in
investment discussions with any other company (whether or not competitive with the Company), provided that such Investor or Permitted Disclosee
does not, except as permitted in accordance with this Section 3.11, disclose or otherwise make use of any proprietary or confidential information of the
Company in connection with such activities, or (ii) making any disclosures required by law, rule, regulation or court or other governmental order.

3.12 Termination of Certain Covenants. The covenants set forth in Sections 3.6 and 3.7 shall terminate and be of no further force or effect
upon the consummation of (a) the consummation of the sale of securities pursuant to a registration statement filed by the Company under the Act in
connection with the firm commitment underwritten offering of its securities to the general public or (b) a Liquidation Event, as that term is defined in
the Restated Certificate.

19.
3.13 Right to Conduct Activities. The Company hereby agrees and acknowledges that (i) Schroder Adveq Technology VIII L.P. (together with its Affiliates, “Schroder”) and (ii) GV 2017, L.P. and GV 2019 L.P. (together with their Affiliates, “GV”) are professional investment organizations, and as such review the business plans and related proprietary information of many enterprises, some of which may compete directly or indirectly with the Company’s business (as currently conducted or as currently propose to be conducted). The Company hereby agrees that, to the extent permitted under applicable law, Schroder and GV shall not be liable to the Company for any claim arising out of, or based upon, (i) the investment by Schroder or GV in any entity competitive with the Company, or (ii) actions taken by any partner, officer, employee or other representative of Schroder or GV to assist any such competitive company, whether or not such action was taken as a member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however, that the foregoing shall not relieve (x) any of the Investors from liability associated with the unauthorized disclosure of the Company’s confidential information obtained pursuant to this Agreement, or (y) any director or officer of the Company from any liability associated with his or her fiduciary duties to the Company.

4. Miscellaneous.

4.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

4.2 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

4.3 Counterparts; Facsimile. This Agreement may be executed by electronic signature and in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument. Counterparts may be delivered by facsimile, electronic mail (including pdf) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

4.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

4.5 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed effectively given upon the earlier to occur of actual receipt or: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All notices and other communications shall be sent to the Company at 561 Eccles Avenue, South San Francisco, CA 94080, Attention: Chief Executive Officer and to the other parties at the addresses set forth on the signature pages attached hereto (or at such other addresses as shall be specifically by notice given in accordance with this Section 4.5).
4.6 **Expenses.** If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys’ fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

4.7 ** Entire Agreement; Amendments and Waivers.** This Agreement (including the Exhibits hereto, if any) constitutes the full and entire understanding and agreement among the parties with regard to the subjects hereof and thereof. Any term of this Agreement (other than Section 3.1, Section 3.2, Section 3.3, Section 3.4 and Section 3.5) may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Investors holding at least fifty-five percent (55%) of the Registrable Securities. The provisions of Section 3.1, Section 3.2, Section 3.3, Section 3.4 and Section 3.5 may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Major Investors holding at least fifty-five percent (55%) of the Registrable Securities then held by all of the Major Investors. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities, each future holder of all such Registrable Securities and the Company; provided, that any amendment materially and adversely changing the rights or obligations of a Major Investor in a manner different from all other Major Investors shall require the written consent of such Investor.

4.8 ** Severability.** Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

4.9 **Aggregation of Stock.** All shares of Registrable Securities held or acquired by affiliated entities (including affiliated venture capital funds or venture capital funds under common investment management) or Persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

4.10 **Additional Investors.** Notwithstanding Section 4.7, no consent shall be necessary to add additional Investors as signatories to this Agreement and to update Schedule A accordingly, provided that such Investors have purchased Series C-2 Preferred Stock pursuant to the subsequent closing provisions of Section 1.3 of the Series C-2 Agreement.

4.11 **Amendment of Prior Agreement.** The Prior Agreement is hereby amended and superseded in its entirety and restated herein. Such amendment and restatement is effective upon the execution of this Agreement by the Company and the parties required for an amendment pursuant to Section 4.7 of the Prior Agreement. Upon such execution, all provisions of, rights granted and covenants made in the Prior Agreement are hereby waived, released and superseded in their entirety by the provisions hereof and shall have no further force or effect.

21.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

FLX BIO, INC.

By: /s/ Brian Wong

Name: Brian Wong
Title: Chief Executive Officer

Address: ________________

______________________

SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

**AJU LIFE SCIENCE 3.0 VENTURE FUND**

By: /s/ Ji-won Kim  
Name: Ji-won Kim  
Title: CEO  
Address: 201 Teheran-ro, 5th Floor  
Gangnam-gu, Seoul, Korea 06141

**AJU GOOD VENTURE FUND**

By: /s/ Ji-won Kim  
Name: Ji-won Kim  
Title: CEO  
Address: 201 Teheran-ro, 5th Floor  
Gangnam-gu, Seoul, Korea 06141

**SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT**  
**FOR FLX BIO, INC.**
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTORS:

HARTFORD HEALTHCARE CORPORATION
DEFINED BENEFIT MASTER TRUST

By: /s/ David J. Holmgren
Name: David J. Holmgren
Title: Chief Investment Officer
Address: 80 Seymour Street
Hartford, CT 06102

HARTFORD HEALTHCARE ENDOWMENT, LLC

By: /s/ David J. Holmgren
Name: David J. Holmgren
Title: Chief Investment Officer
Address: 80 Seymour Street
Hartford, CT 06102

SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

SCHRODER ADVEQ TECHNOLOGY VIII L.P.

By: Schroder Adveq Technology Management VIII L.P., its general partner

By: Schroder Adveq Management Jersey Ltd., its general partner

By: /s/ Mark Nieuwenhuis /s/ Monika Pinel
Name: Mark Nieuwenhuis Monika Pinel
Title: Director Authorized Signatory
Address: Schroder Adveq Technology VIII L.P.
50 Lothian Road
Festival Square
Edinburgh EH3 9WJ
Scotland

SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

**PONOI CAPITAL, LP**
By: Poni Management, LLC
Its: General Partner

By: /s/ James Evangelista
Name: James Evangelista
Title: 

Address: 1700 Owens Street, Suite 500
San Francisco, CA 94158

**PONOI CAPITAL II, LP**
By: Poni II Management, LLC
Its: General Partner

By: /s/ James Evangelista
Name: James Evangelista
Title: 

Address: 1700 Owens Street, Suite 500
San Francisco, CA 94158

**SIGNATURE PAGE TO INVESTORS’ RIGHTS AGREEMENT**
**FOR FLX BIO, INC.**
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

KPCB HOLDINGS, INC., AS NOMINEE

By: /s/ Jason Doren  
Name: Jason Doren  
Title:  

Address:  

__________________________________________

SIGNATURE PAGE TO INVESTORS’ RIGHTS AGREEMENT  
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

TOPSPIN FUND, LP

By: /s/ Steven J. Winick
Name: Steven J. Winick
Title: 
Address: 3 Expressway Plaza
Roslyn Heights, NY 11577

SIGNATURE PAGE TO INVESTORS’ RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

TOPSPIN BIOTECH FUND II, LP

By: /s/ Steven J. Winick
Name: Steven J. Winick
Title: 

Address: 

______________________________________________

______________________________________________

______________________________________________

SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

CELGENE CORPORATION

By: /s/ Robert Hershberg
Name: Robert Hershberg
Title: EVP, BD
Address: 86 Morris Avenue
Summit, NJ 07901

SIGNATURE PAGE TO INVESTORS’ RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

CELGENE SWITZERLAND LLC

By: /s/ Kevin Mello
Name: Kevin Mello
Title: Manager
Address: 30 Woodbourne Ave
Pembroke BDA

SIGNATURE PAGE TO INVESTORS’ RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By: /s/ Jagdeep Singh Bachher

Name: Jagdeep Singh Bachher
Title: Chief Investment Officer
Address: 1111 Broadway
Oakland, CA 94607

SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

GV 2019, L.P.
By: GV 2019 GP, L.P., its General Partner
By: GV 2019 GP, L.L.C., its General Partner
By: /s/ Daphne Chang
Name: Daphne Chang
Title: Authorized Signatory
Address: Attn: GV Legal Department
1600 Amphitheatre Parkway
Mountain View, CA 94043

SIGNATURE PAGE TO INVESTORS’ RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

GV 2017, L.P.

By: GV 2017 GP, L.P., its General Partner
By: GV 2017 GP, L.L.C., its General Partner
By: /s/ Daphne Chang
Name: Daphne Chang
Title: Authorized Signatory
Address: Attn: GV Legal Department
1600 Amphitheatre Parkway
Mountain View, CA 94043

SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

KRAVIS INVESTMENT PARTNERS LLC

By: /s/ Henry R. Kravis
Name: Henry R. Kravis
Title: Member

Address: ________________________________

______________________________________

SIGNATURE PAGE TO INVESTORS’ RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

FRANKLIN BERGER

By: /s/ Franklin Berger

Name:

Title: individual

Address: 257 Park Avenue, 15th Floor

New York, NY 10010

SIGNATURE PAGE TO INVESTORS’ RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

THE WONG FAMILY TRUST DATED
FEBRUARY 4, 2008

By: /s/ Brian Wong
Name: Brian Wong
Title: Trustee

Address: ________________________________

_____________________________________

SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

RIEFLIN FAMILY TRUST U/A DTD 4/3/00,
WILLIAM J. RIEFLIN AND PRUDENCE H.
RIEFLIN, TRUSTEES

By: /s/ William J. Rieflin
Name: William J. Rieflin
Title: Trustee

Address: ________________________________

______________________________________

SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

THE COLUMN GROUP II, LP

By: The Column Group II GP, LP
Its: General Partner

By: The Column Group, LLC
Its: General Partner

By: /s/ James Evangelista
Name: James Evangelista
Title: 

Address: 1700 Owens Street, Suite 500
San Francisco, CA 94158

SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

INVESTOR:

**HUADONG MEDICINE (HONG KONG)**
**INVESTMENT HOLDING CO., LTD**

By: /s/ Honglan Ma

Name: Honglan Ma
Title: Director
Address: ROOM 1405, 14/F., LUCKY CENTRE, 165 WANCHAI ROAD, WANCHAI HONG KONG

**SIGNATURE PAGE TO INVESTORS’ RIGHTS AGREEMENT**
**FOR FLX BIO, INC.**
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

INVESTOR:

THE TRUSTEES OF COLUMBIA UNIVERSITY
IN THE CITY OF NEW YORK

By: /s/ Julius Mercado
Name: Julius Mercado
Title: Chief Operating Officer
Columbia Investment Management
Company, LLC
Address: 405 Lexington Avenue, 63rd Floor
New York, NY 10174

SIGNATURE PAGE TO INVESTORS’ RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTOR:

T. ROWE PRICE NEW HORIZONS FUND, INC.
T. ROWE PRICE NEW HORIZONS TRUST
T. ROWE PRICE U.S. EQUITIES TRUST
MASSMUTUAL SELECT FUNDS MASSMUTUAL
SELECT T. ROWE PRICE SMALL AND MID CAP
BLEND FUND
Each account, severally not jointly

By: T. Rowe Price Associates, Inc., Investment Adviser or Subadviser, as applicable

By: /s/ Alexander Roik
Name: Alexander Roik
Title: Vice President

Address:
T. Rowe Price Associates, Inc.
100 East Pratt Street Baltimore, MD 21202
Attn: Andrew Back, Vice President
Phone: 410-345-2090
E-mail: Andrew_Back@troweprice.com

SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT
FOR FLX BIO, INC.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVESTOR:

T. ROWE PRICE HEALTH SCIENCES FUND, INC.
TD MUTUAL FUNDS - TD HEALTH SCIENCES FUND
VALIC COMPANY I - HEALTH SCIENCES FUND
T. ROWE PRICE HEALTH SCIENCES PORTFOLIO
Each account, severally not jointly

By: T. Rowe Price Associates, Inc., Investment Adviser or Subadviser, as applicable

By: /s/ John Hall
Name: John Hall
Title: Vice President

Address:
T. Rowe Price Associates, Inc.
100 East Pratt Street Baltimore, MD 21202
Attn: Andrew Baek, Vice President
Phone: 410-345-2090
E-mail: Andrew_Baek@troweprice.com

SIGNATURE PAGE TO INVESTORS' RIGHTS AGREEMENT
FOR FLX BIO, INC.
SCHEDULE A
SCHEDULE OF INVESTORS

Topspin Biotech Fund II, LP

The Regents of the University of California

The Wong Family Trust Dated February 4, 2008

KPCB Holdings, Inc., as nominee

The Rosen 1996 Family Trust Dated June 28, 1996

Juan Carlos Jaen and Anita Galeana, as trustees of the Juan Carlos Jaen and Anita Galeana 2000 Trust

G&H Partners

Brandon Reid Rosen Trust U/A/D 11-22-1996

Connor Edwin Rosen Trust U/A/D 11-22/1996

Cameron Clark Rosen Trust U/A/D 06-22-1999

Sharlene Stein Trust A Restated 03-16-2005

Brian Landan

Tim Yuen and Samantha Stein Leah Stein

Harvey S. Rosen and Marsha E. Novick, Jt Ten WROS Bruce Irwin Rosen

Manolita Galeana, as Trustee of the Manolita Galeana November 4, 1993 Revocable Living Trust

Frank E. Galeana

Frederick J. Dotzler and Cassandra L. Dotzler Trustees of the Dotzler Family Trust UDT Dated August 9, 2001

Rieflin Family Trust u/a dtd 4/3/00, William J. Rieflin and Prudence H. Rieflin, Trustees

Yasunori Kaneko & Yumi Kaneko, trustees of the Kaneko Family Trust dated January 20, 1992

Judy Maria Wong

Gary Goodman and Bradley Matteoni

Karl Handelsman

Nigel and Josephine Walker Living Trust dtd. 02/19/2013

Tim Sullivan and Jana Sullivan
Julio Medina
Shichang Miao
Lorelei & Frank Chambers
Larry Martial Etcheverry and Ariel Anne Etchevery Family Trust U/A dtd March 8, 2005
Mollie & Kurt Jurgenson
McEvoy-Worsencroft Family Trust u/a/d 7-29-94 Mary Tsay
Jennifer Berrueta Vergara Cozad Investments, LP
Mark E. and Patricia M. Hayes, Community Property
Jack G. Simke
Robin D. Raphael-Simke
John David Jaen, Trustee of the 2013 Irrevocable Juan Jaen Family Trust, Dated December 7, 2013
John David Jaen, Trustee of the 2013 Irrevocable Anita Galeana Family Trust, Dated December 7, 2013
The Board of Trustees of the Leland Stanford Junior University (SEVF II)
Celgene Corporation
AMGEN Inc.
The Column Group II, LP
Celgene Switzerland LLC
Kravis Investment Partners LLC
PENSCO Trust Company LLC Custodian FBO Dr. Leo A. Guthart Roth IRA
Ponoi Capital, LP
Topspin Fund, LP
GV 2017, L.P.
FV PE Holdings, LLC
Franklin Berger
Aju Life Science 3.0 Venture Fund
Aju Good Venture Fund
Hartford HealthCare Corporation Defined Benefit Master Trust
Hartford HealthCare Endowment, LLC
Schroder Adveq Technology VIII L.P.
Ponoi Capital II, LP
GV 2019, L.P.
Huadong Medicine (Hong Kong) Investment Holding Co., Ltd.
The Trustees of Columbia University in the City of New York
T. Rowe Price New Horizons Fund, Inc.
T. Rowe Price New Horizons Trust
T. Rowe Price U.S. Equities Trust
MassMutual Select Funds - MassMutual Select T. Rowe Price Small and Mid Cap Blend Fund
T. Rowe Price Health Sciences Fund, Inc. TD Mutual Funds - TD Health Sciences Fund VALIC Company I - Health Sciences Fund
T. Rowe Price Health Sciences Portfolio
RAPT Therapeutics Inc. (f/k/a FLX Bio, Inc.)

2015 STOCK PLAN

ADOPTED ON APRIL 7, 2015
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SECTION 10. DURATION AND AMENDMENTS; STOCKHOLDER APPROVAL
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SECTION 11. DEFINITIONS
SECTION 1. ESTABLISHMENT AND PURPOSE.

The purpose of this Plan is to offer persons selected by the Company an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by acquiring Shares of the Company’s Stock. The Plan provides both for the direct award or sale of Shares and for the grant of Options to purchase Shares. Options granted under the Plan may be ISOs intended to qualify under Code Section 422 or NSOs which are not intended to so qualify.

Capitalized terms are defined in Section 11.

SECTION 2. ADMINISTRATION.

(a) Committees of the Board of Directors. The Plan may be administered by one or more Committees. Each Committee shall consist, as required by applicable law, of one or more members of the Board of Directors who have been appointed by the Board of Directors. Each Committee shall have such authority and be responsible for such functions as the Board of Directors has assigned to it. If no Committee has been appointed, the entire Board of Directors shall administer the Plan. Any reference to the Board of Directors in the Plan shall be construed as a reference to the Committee (if any) to whom the Board of Directors has assigned a particular function.

(b) Authority of the Board of Directors. Subject to the provisions of the Plan, the Board of Directors shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Plan. Notwithstanding anything to the contrary in the Plan, with respect to the terms and conditions of awards granted to Participants outside the United States, the Board of Directors may vary from the provisions of the Plan to the extent it determines it necessary and appropriate to do so; provided that it may not vary from those Plan terms requiring stockholder approval pursuant to Section 10(d) below. All decisions, interpretations and other actions of the Board of Directors shall be final and binding on all Purchasers, all Optionees and all persons deriving their rights from a Purchaser or Optionee.

SECTION 3. ELIGIBILITY.

(a) General Rule. Only Employees, Outside Directors and Consultants shall be eligible for the grant of NSOs or the direct award or sale of Shares. Only Employees shall be eligible for the grant of ISOs.

(b) Ten-Percent Stockholders. A person who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company, its Parent or any

1 Note that special considerations apply if the Company proposes to grant awards to an Employee or Consultant of a Parent company.
of its Subsidiaries shall not be eligible for the grant of an ISO unless (i) the Exercise Price is at least 110% of the Fair Market Value of a Share on the Date of Grant and (ii) such ISO by its terms is not exercisable after the expiration of five years from the Date of Grant. For purposes of this Subsection (b), in determining stock ownership, the attribution rules of Code Section 424(d) shall be applied.

SECTION 4. STOCK SUBJECT TO PLAN.

(a) Basic Limitation. Not more than 2,200,000 Shares may be issued under the Plan, subject to Subsection (b) below and Section 8(a).2 All of these Shares may be issued upon the exercise of ISOs. The number of Shares that are subject to Options or other rights outstanding at any time under the Plan may not exceed the number of Shares that then remain available for issuance under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan. Shares offered under the Plan may be authorized but unissued Shares or treasury Shares.

(b) Additional Shares. In the event that Shares previously issued under the Plan are reacquired by the Company, such Shares shall be added to the number of Shares then available for issuance under the Plan. In the event that Shares that otherwise would have been issuable under the Plan are withheld by the Company in payment of the Purchase Price, Exercise Price or withholding taxes, such Shares shall remain available for issuance under the Plan. In the event that an outstanding Option or other right for any reason expires or is canceled, the Shares allocable to the unexercised portion of such Option or other right shall be added to the number of Shares then available for issuance under the Plan.

SECTION 5. TERMS AND CONDITIONS OF AWARDS OR SALES.

(a) Stock Grant or Purchase Agreement. Each award of Shares under the Plan shall be evidenced by a Stock Grant Agreement between the Grantee and the Company. Each sale of Shares under the Plan (other than upon exercise of an Option) shall be evidenced by a Stock Purchase Agreement between the Purchaser and the Company. Such award or sale shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Board of Directors deems appropriate for inclusion in a Stock Grant Agreement or Stock Purchase Agreement. The provisions of the various Stock Grant Agreements and Stock Purchase Agreements entered into under the Plan need not be identical.

(b) Duration of Offers and Nontransferability of Rights. Any right to purchase Shares under the Plan (other than an Option) shall automatically expire if not exercised by the Purchaser within 30 days (or such other period as may be specified in the Award Agreement) after the grant of such right was communicated to the Purchaser by the Company. Such right is not transferable and may be exercised only by the Purchaser to whom such right was granted.

Please refer to Exhibit A for a schedule of the initial share reserve and any subsequent increases in the reserve.
(c) Purchase Price. The Board of Directors shall determine the Purchase Price of Shares to be offered under the Plan at its sole discretion. The Purchase Price shall be payable in a form described in Section 7.

SECTION 6. TERMS AND CONDITIONS OF OPTIONS.

(a) Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. The Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Board of Directors deems appropriate for inclusion in a Stock Option Agreement. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 8. The Stock Option Agreement shall also specify whether the Option is an ISO or an NSO.

(c) Exercise Price. Each Stock Option Agreement shall specify the Exercise Price. The Exercise Price of an Option shall not be less than 100% of the Fair Market Value of a Share on the Date of Grant, and in the case of an ISO a higher percentage may be required by Section 3(b). Subject to the preceding sentence, the Exercise Price shall be determined by the Board of Directors at its sole discretion. The Exercise Price shall be payable in a form described in Section 7. This Subsection (c) shall not apply to an Option granted pursuant to an assumption of, or substitution for, another option in a manner that complies with Code Section 424(a) (whether or not the Option is an ISO).

(d) Exercisability. Each Stock Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. No Option shall be exercisable unless the Optionee (i) has delivered an executed copy of the Stock Option Agreement to the Company or (ii) otherwise agrees to be bound by the terms of the Stock Option Agreement. The Board of Directors shall determine the exercisability provisions of the Stock Option Agreement at its sole discretion.

(e) Basic Term. The Stock Option Agreement shall specify the term of the Option. The term shall not exceed 10 years from the Date of Grant, and in the case of an ISO, a shorter term may be required by Section 3(b). Subject to the preceding sentence, the Board of Directors at its sole discretion shall determine when an Option is to expire.

(f) Termination of Service (Except by Death). If an Optionee’s Service terminates for any reason other than the Optionee’s death, then the Optionee’s Options shall expire on the earliest of the following dates:

(i) The expiration date determined pursuant to Subsection (e) above;
(ii) The date three months after the termination of the Optionee’s Service for any reason other than Disability, or such earlier or later date as the Board of Directors may determine (but in no event earlier than 30 days after the termination of the Optionee’s Service); or

(iii) The date six months after the termination of the Optionee’s Service by reason of Disability, or such later date as the Board of Directors may determine.

The Optionee may exercise all or part of the Optionee’s Options at any time before the expiration of such Options under the preceding sentence, but only to the extent that such Options had become exercisable before the Optionee’s Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Optionee’s Service terminated (or vested as a result of the termination). The balance of such Options shall lapse when the Optionee’s Service terminates. In the event that the Optionee dies after the termination of the Optionee’s Service but before the expiration of the Optionee’s Options, all or part of such Options may be exercised (prior to expiration) by the executors or administrators of the Optionee’s estate or by any person who has acquired such Options directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that such Options had become exercisable before the Optionee’s Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Optionee’s Service terminated (or vested as a result of the termination).

(g) Leaves of Absence. For purposes of Subsection (f) above, Service shall be deemed to continue while the Optionee is on a bona fide leave of absence, if such leave was approved by the Company in writing and if continued crediting of Service for this purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company).

(h) Death of Optionee. If an Optionee dies while the Optionee is in Service, then the Optionee’s Options shall expire on the earlier of the following dates:

   (i) The expiration date determined pursuant to Subsection (c) above; or

   (ii) The date 12 months after the Optionee’s death, or such earlier or later date as the Board of Directors may determine (but in no event earlier than six months after the Optionee’s death).

All or part of the Optionee’s Options may be exercised at any time before the expiration of such Options under the preceding sentence by the executors or administrators of the Optionee’s estate or by any person who has acquired such Options directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that such Options had become exercisable before the Optionee’s death (or became exercisable as a result of the death) and the underlying Shares had vested before the Optionee’s death (or vested as a result of the Optionee’s death). The balance of such Options shall lapse when the Optionee dies.
(i) Restrictions on Transfer of Options. An Option shall be transferable by the Optionee only by (i) a beneficiary designation, (ii) a will or (iii) the laws of descent and distribution, except as provided in the next sentence. If the applicable Stock Option Agreement so provides, an NSO shall also be transferable by gift or domestic relations order to a Family Member of the Optionee. An ISO may be exercised during the lifetime of the Optionee only by the Optionee or by the Optionee’s guardian or legal representative.

(j) No Rights as a Stockholder. An Optionee, or a transferee of an Optionee, shall have no rights as a stockholder with respect to any Shares covered by the Optionee’s Option until such person files a notice of exercise, pays the Exercise Price and satisfies all applicable withholding taxes pursuant to the terms of such Option.

(k) Modification, Extension and Assumption of Options. Within the limitations of the Plan, the Board of Directors may modify, extend or assume outstanding Options or may accept the cancellation of outstanding Options (whether granted by the Company or another issuer) in return for the grant of new Options or a different type of award for the same or a different number of Shares and at the same or a different Exercise Price (if applicable). The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair the Optionee’s rights or increase the Optionee’s obligations under such Option.

(l) Company’s Right to Cancel Certain Options. Any other provision of the Plan or a Stock Option Agreement notwithstanding, the Company shall have the right at any time to cancel an Option that was not granted in compliance with Rule 701 under the Securities Act. Prior to canceling such Option, the Company shall give the Optionee not less than 30 days’ notice in writing. If the Company elects to cancel such Option, it shall deliver to the Optionee consideration with an aggregate Fair Market Value equal to the excess of (i) the Fair Market Value of the Shares subject to such Option as of the time of the cancellation over (ii) the Exercise Price of such Option. The consideration may be delivered in the form of cash or cash equivalents, in the form of Shares, or a combination of both. If the consideration would be a negative amount, such Option may be cancelled without the delivery of any consideration.

SECTION 7. PAYMENT FOR SHARES.

(a) General Rule. The entire Purchase Price or Exercise Price of Shares issued under the Plan shall be payable in cash or cash equivalents at the time when such Shares are purchased, except as otherwise provided in this Section 7. In addition, the Board of Directors in its sole discretion may also permit payment through any of the methods described in (b) through (g) below.

(b) Services Rendered. Shares may be awarded under the Plan in consideration of services rendered to the Company, a Parent or a Subsidiary prior to the award.

(c) Promissory Note. All or a portion of the Purchase Price or Exercise Price (as the case may be) of Shares issued under the Plan may be paid with a full-recourse promissory note. The Shares shall be pledged as security for payment of the principal amount of the promissory note and interest thereon. The interest rate payable under the terms of the promissory note shall not be less than the minimum rate (if any) required to avoid the imputation of
additional interest under the Code. Subject to the foregoing, the Board of Directors (at its sole discretion) shall specify the term, interest rate,
amortization requirements (if any) and other provisions of such note.

(d) Surrender of Stock. All or any part of the Exercise Price may be paid by surrendering, or attesting to the ownership of, Shares that are
already owned by the Optionee. Such Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market
Value as of the date when the Option is exercised.

(e) Exercise/Sale. If the Stock is publicly traded, all or part of the Exercise Price and any withholding taxes may be paid by the delivery
(on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or
part of the sales proceeds to the Company.

(f) Net Exercise. An Option may permit exercise through a “net exercise” arrangement pursuant to which the Company will reduce the
number of Shares issued upon exercise by the largest whole number of Shares having an aggregate Fair Market Value (determined by the Board of
Directors as of the exercise date) that does not exceed the aggregate Exercise Price or the sum of the aggregate Exercise Price plus all or a portion of the
minimum amount required to be withheld under applicable tax law (with the Company accepting from the Optionee payment of cash or cash
equivalents to satisfy any remaining balance of the aggregate Exercise Price and, if applicable, any additional withholding obligation not satisfied
through such reduction in Shares); provided that to the extent Shares subject to an Option are withheld in this manner, the number of Shares subject to
the Option following the net exercise will be reduced by the sum of the number of Shares withheld and the number of Shares delivered to the Optionee
as a result of the exercise.

(g) Other Forms of Payment. To the extent that an Award Agreement so provides, the Purchase Price or Exercise Price of Shares issued
under the Plan may be paid in any other form permitted by the Delaware General Corporation Law, as amended.

SECTION 8. ADJUSTMENT OF SHARES.

(a) General. In the event of a subdivision of the outstanding Stock, a declaration of a dividend payable in Shares, a combination or
consolidation of the outstanding Stock into a lesser number of Shares, a reclassification, or any other increase or decrease in the number of issued
shares of Stock effected without receipt of consideration by the Company, proportionate adjustments shall automatically be made in each of (i) the
number and kind of Shares available for future grants under Section 4, (ii) the number and kind of Shares covered by each outstanding Option and any
outstanding and unexercised right to purchase Shares that has not yet expired pursuant to Section 5(b), (iii) the Exercise Price under each outstanding
Option and the Purchase Price applicable to any unexercised stock purchase right described in clause (ii) above, and (iv) any repurchase price that
applies to Shares granted under the Plan pursuant to the terms of a Company repurchase right under the applicable Award Agreement. In the event of a
declaration of an extraordinary dividend payable in a form other than Shares in an amount that has a material effect on the Fair Market Value of the
Stock, a recapitalization, a spin-off, or a similar occurrence, the Board of Directors at its sole discretion may make appropriate
adjustments in one or more of the items listed in clauses (i) through (iv) above; provided, however, that the Board of Directors shall in any event make such adjustments as may be required by Section 25102(o) of the California Corporations Code. No fractional Shares shall be issued under the Plan as a result of an adjustment under this Section 8(a), although the Board of Directors in its sole discretion may make a cash payment in lieu of fractional Shares.

(b) Corporate Transactions. In the event that the Company is a party to a merger or consolidation, or in the event of a sale of all or substantially all of the Company’s stock or assets, all Shares acquired under the Plan and all Options and other Plan awards outstanding on the effective date of the transaction shall be treated in the manner described in the definitive transaction agreement (or, in the event the transaction does not entail a definitive agreement to which the Company is party, in the manner determined by the Board of Directors in its capacity as administrator of the Plan, with such determination having final and binding effect on all parties), which agreement or determination need not treat all Options and awards (or all portions of an Option or an award) in an identical manner. The treatment specified in the transaction agreement or as determined by the Board of Directors may include (without limitation) one or more of the following with respect to each outstanding Option or award:

(i) Continuation of the Option or award by the Company (if the Company is the surviving corporation).

(ii) Assumption of the Option by the surviving corporation or its parent in a manner that complies with Code Section 424(a) (whether or not the Option is an ISO).

(iii) Substitution by the surviving corporation or its parent of a new option for the Option in a manner that complies with Code Section 424(a) (whether or not the Option is an ISO).

(iv) Cancellation of the Option and a payment to the Optionee with respect to each Share subject to the portion of the Option that is vested as of the transaction date equal to the excess of (A) the value, as determined by the Board of Directors in its absolute discretion, of the property (including cash) received by the holder of a share of Stock as a result of the transaction, over (B) the per-Share Exercise Price of the Option (such excess, the “Spread”). Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent having a value equal to the Spread. In addition, any escrow, holdback, earn-out or similar provisions in the transaction agreement may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Stock. If the Spread applicable to an Option is zero or a negative number, then the Option may be cancelled without making a payment to the Optionee.

(v) Cancellation of the Option without the payment of any consideration; provided that the Optionee shall be notified of such treatment and given an opportunity to exercise the Option (to the extent the Option is vested or becomes vested as of the effective date of the transaction) during a period of not
less than five (5) business days preceding the effective date of the transaction, unless (A) a shorter period is required to permit a timely closing of the transaction and (B) such shorter period still offers the Optionee a reasonable opportunity to exercise the Option. Any exercise of the Option during such period may be contingent upon the closing of the transaction.

(vi) Suspension of the Optionee’s right to exercise the Option during a limited period of time preceding the closing of the transaction if such suspension is administratively necessary to permit the closing of the transaction.

(vii) Termination of any right the Optionee has to exercise the Option prior to vesting in the Shares subject to the Option (i.e., “early exercise”), such that following the closing of the transaction the Option may only be exercised to the extent it is vested.

For the avoidance of doubt, the Board of Directors has discretion to accelerate, in whole or part, the vesting and exercisability of an Option or other Plan award in connection with a corporate transaction covered by this Section 8(b).

(c) **Reservation of Rights.** Except as provided in this Section 8, a Participant shall have no rights by reason of (i) any subdivision or consolidation of shares of stock of any class, (ii) the payment of any dividend or (iii) any other increase or decrease in the number of shares of stock of any class. Any issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Shares subject to an Option. The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

**SECTION 9. MISCELLANEOUS PROVISIONS.**

(a) **Securities Law Requirements.** Shares shall not be issued under the Plan unless, in the opinion of counsel acceptable to the Board of Directors, the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company’s securities may then be traded. The Company shall not be liable for a failure to issue Shares as a result of such requirements.

(b) **No Retention Rights.** Nothing in the Plan or in any right or Option granted under the Plan shall confer upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.
(c) **Treatment as Compensation.** Any compensation that an individual earns or is deemed to earn under this Plan shall not be considered a part of his or her compensation for purposes of calculating contributions, accruals or benefits under any other plan or program that is maintained or funded by the Company, a Parent or a Subsidiary.

(d) **Governing Law.** The Plan and all awards, sales and grants under the Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State.

(e) **Conditions and Restrictions on Shares.** Shares issued under the Plan shall be subject to such forfeiture conditions, rights of repurchase, rights of first refusal, other transfer restrictions and such other terms and conditions as the Board of Directors may determine. Such conditions and restrictions shall be set forth in the applicable Award Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally. In addition, Shares issued under the Plan shall be subject to conditions and restrictions imposed either by applicable law or by Company policy, as adopted from time to time, designed to ensure compliance with applicable law or laws with which the Company determines in its sole discretion to comply including in order to maintain any statutory, regulatory or tax advantage.

(f) **Tax Matters.**

(i) As a condition to the award, grant, issuance, vesting, purchase, exercise or transfer of any award, or Shares issued pursuant to any award, granted under this Plan, the Participant shall make such arrangements as the Board of Directors may require or permit for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such event.

(ii) Unless otherwise expressly set forth in an Award Agreement, it is intended that awards granted under the Plan shall be exempt from Code Section 409A, and any ambiguity in the terms of an Award Agreement and the Plan shall be interpreted consistently with this intent. To the extent an award is not exempt from Code Section 409A (any such award, a “**409A Award**”), any ambiguity in the terms of such award and the Plan shall be interpreted in a manner that to the maximum extent permissible supports the award’s compliance with the requirements of that statute. Notwithstanding anything to the contrary permitted under the Plan, in no event shall a modification of an Award not already subject to Code Section 409A be given effect if such modification would cause the Award to become subject to Code Section 409A unless the parties explicitly acknowledge and consent to the modification as one having that effect. A 409A Award shall be subject to such additional rules and requirements as specified by the Board of Directors from time to time in order for it to comply with the requirements of Code Section 409A. In this regard, if any amount under a 409A Award is payable upon a “separation from service” to an individual who is considered a “specified employee” (as each term is defined under Code Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the Participant’s separation from service or (ii)
the Participant’s death, but only to the extent such delay is necessary to prevent such payment from being subject to Section 409A(a)(1). In addition, if a transaction subject to Section 8(b) constitutes a payment event with respect to any 409A Award, then the transaction with respect to such award must also constitute a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Code Section 409A.

(iii) Neither the Company nor any member of the Board of Directors shall have any liability to a Participant in the event an award held by the Participant fails to achieve its intended characterization under applicable tax law.

SECTION 10. DURATION AND AMENDMENTS; STOCKHOLDER APPROVAL.

(a) Term of the Plan. The Plan, as set forth herein, shall become effective on the date of its adoption by the Board of Directors, subject to approval of the Company’s stockholders under Subsection (d) below. The Plan shall terminate automatically 10 years after the later of (i) the date when the Board of Directors adopted the Plan or (ii) the date when the Board of Directors approved the most recent increase in the number of Shares reserved under Section 4 that was also approved by the Company’s stockholders. The Plan may be terminated on any earlier date pursuant to Subsection (b) below.

(b) Right to Amend or Terminate the Plan. Subject to Subsection (d) below, the Board of Directors may amend, suspend or terminate the Plan at any time and for any reason.

(c) Effect of Amendment or Termination. No Shares shall be issued or sold and no Option granted under the Plan after the termination thereof, except upon exercise of an Option (or any other right to purchase Shares) granted under the Plan prior to such termination. The termination of the Plan, or any amendment thereof, shall not affect any Share previously issued or any Option previously granted under the Plan.

(d) Stockholder Approval. To the extent required by applicable law, the Plan will be subject to approval of the Company’s stockholders within 12 months of its adoption date. To the extent required by applicable law, any amendment of the Plan will be subject to the approval of the Company’s stockholders within 12 months of the amendment date if it (i) increases the number of Shares available for issuance under the Plan (except as provided in Section 8), or (ii) materially changes the class of persons who are eligible for the grant of ISOs. In addition, an amendment effecting any other material change to the Plan terms will be subject to approval of the Company’s stockholder only if required by applicable law. Stockholder approval shall not be required for any other amendment of the Plan.

SECTION 11. DEFINITIONS.

(a) “Award Agreement” means a Stock Grant Agreement, Stock Option Agreement or Stock Purchase Agreement.
(b) “Board of Directors” means the Board of Directors of the Company, as constituted from time to time.

(c) “Code” means the Internal Revenue Code of 1986, as amended.

(d) “Committee” means a committee of the Board of Directors, as described in Section 2(a).

(e) “Company” means RAPT Therapeutics, Inc., a Delaware corporation.

(f) “Consultant” means a person, excluding Employees and Outside Directors, who performs bona fide services for the Company, a Parent or a Subsidiary as a consultant or advisor and who qualifies as a consultant or advisor under Rule 701(c)(1) of the Securities Act or under Instruction A.1.(a)(1) of Form S-8 under the Securities Act.

(g) “Date of Grant” means the date of grant specified in the applicable Stock Option Agreement, which date shall be the later of (i) the date on which the Board of Directors resolved to grant the Option or (ii) the first day of the Optionee’s Service.

(h) “Disability” means that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

(i) “Employee” means any individual who is a common-law employee of the Company, a Parent or a Subsidiary.


(k) “Exercise Price” means the amount for which one Share may be purchased upon exercise of an Option, as specified by the Board of Directors in the applicable Stock Option Agreement.

(l) “Fair Market Value” means the fair market value of a Share, as determined by the Board of Directors in good faith. Such determination shall be conclusive and binding on all persons.

(m) “Family Member” means (i) any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, (ii) any person sharing the Optionee’s household (other than a tenant or employee), (iii) a trust in which persons described in Clause (i) or (ii) have more than 50% of the beneficial interest, (iv) a foundation in which persons described in Clause (i) or (ii) have more than 50% of the beneficial interest, (v) any other entity in which persons described in Clause (i) or (ii) own more than 50% of the voting interests.

3 Note that special considerations apply if the Company proposes to grant awards to consultant or advisor of a Parent company.

4 Note that special considerations apply if the Company proposes to grant awards to an Employee of a Parent company.
"Grantee" means a person to whom the Board of Directors has awarded Shares under the Plan.

"ISO" means an Option that qualifies as an incentive stock option as described in Code Section 422(b)(p). Notwithstanding its designation as an ISO, an Option that does not qualify as an ISO under applicable law shall be treated for all purposes as an NSO.

"NSO" means an Option that does not qualify as an incentive stock option as described in Code Section 422(b) or 423(b).

"Option" means an ISO or NSO granted under the Plan and entitling the holder to purchase Shares.

"Optionee" means a person who holds an Option.

"Outside Director" means a member of the Board of Directors who is not an Employee.

"Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.

"Participant" means a Grantee, Optionee or Purchaser.

"Plan" means this RAPT Therapeutics, Inc. (f/k/a FLX Bio, Inc.) 2015 Stock Plan.

"Purchase Price" means the consideration for which one Share may be acquired under the Plan (other than upon exercise of an Option), as specified by the Board of Directors.

"Purchaser" means a person to whom the Board of Directors has offered the right to purchase Shares under the Plan (other than upon exercise of an Option).

"Securities Act" means the Securities Act of 1933, as amended.

"Service" means service as an Employee, Outside Director or Consultant.

"Share" means one share of Stock, as adjusted in accordance with Section 8 (if applicable).

"Stock" means the Common Stock of the Company.

"Stock Grant Agreement" means the agreement between the Company and a Grantee who is awarded Shares under the Plan that contains the terms, conditions and restrictions pertaining to the award of such Shares.
(gg) “Stock Option Agreement” means the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to the Optionee’s Option.

(hh) “Stock Purchase Agreement” means the agreement between the Company and a Purchaser who purchases Shares under the Plan that contains the terms, conditions and restrictions pertaining to the purchase of such Shares.

(ii) “Subsidiary” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.
**EXHIBIT A**

**SCHEDULE OF SHARES RESERVED FOR ISSUANCE UNDER THE PLAN**

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**SUMMARY OF MODIFICATIONS AND AMENDMENTS TO THE PLAN**

The following is a summary of material modifications made to the Plan (including any material deviations from the Gunderson Dettmer precedent form used to create the Plan):
RAPT THERAPEUTICS, INC. 2015 STOCK PLAN
NOTICE OF STOCK OPTION GRANT (INSTALLMENT EXERCISE)

The Optionee has been granted the following option to purchase shares of the Common Stock of RAPT Therapeutics, Inc.:

Name of Optionee: «Name»
Total Number of Shares: «TotalShares»
Type of Option: «ISO» Incentive Stock Option (ISO)
«NSO» Nonstatutory Stock Option (NSO)
Exercise Price per Share: $«PricePerShare»
Date of Grant: «DateGrant»
Date Exercisable: This option may be exercised with respect to the first «Percent»% of the Shares subject to this option when the Optionee completes «CliffPeriod» months of continuous Service beginning with the Vesting Commencement Date set forth below. This option may be exercised with respect to an additional «Fraction»% of the Shares subject to this option when the Optionee completes each month of continuous Service thereafter.
Vesting Commencement Date: «VestComDate»
Expiration Date: «ExpDate». This option expires earlier if the Optionee’s Service terminates earlier, as provided in Section 6 of the Stock Option Agreement, or if the Company engages in certain corporate transactions, as provided in Section 8(b) of the Plan.

By signing below, the Optionee and the Company agree that this option is granted under, and governed by the terms and conditions of, the 2015 Stock Plan and the Stock Option Agreement. Both of these documents are attached to, and made a part of, this Notice of Stock Option Grant. Section 13 of the Stock Option Agreement includes important acknowledgements of the Optionee.

OPTIONEE: RAPT Therapeutics, Inc.

By: ____________________________
Title: ____________________________
SECTION 1. GRANT OF OPTION.

(a) Option. On the terms and conditions set forth in the Notice of Stock Option Grant and this Agreement, the Company grants to the Optionee on the Date of Grant the option to purchase at the Exercise Price the number of Shares set forth in the Notice of Stock Option Grant. The Exercise Price is agreed to be at least 100% of the Fair Market Value per Share on the Date of Grant (110% of Fair Market Value if this option is designated as an ISO in the Notice of Stock Option Grant and Section 3(b) of the Plan applies). This option is intended to be an ISO or an NSO, as provided in the Notice of Stock Option Grant.

(b) $100,000 Limitation. Even if this option is designated as an ISO in the Notice of Stock Option Grant, it shall be deemed to be an NSO to the extent (and only to the extent) required by the $100,000 annual limitation under Section 422(d) of the Code.

(c) Stock Plan and Defined Terms. This option is granted pursuant to the Plan, a copy of which the Optionee acknowledges having received. The provisions of the Plan are incorporated into this Agreement by this reference. Except as otherwise defined in this Agreement (including without limitation Section 14 hereof), capitalized terms shall have the meaning ascribed to such terms in the Plan.

SECTION 2. RIGHT TO EXERCISE.

(a) Exercisability. Subject to Subsection (b) below and the other conditions set forth in this Agreement, all or part of this option may be exercised prior to its expiration at the time or times set forth in the Notice of Stock Option Grant.

(b) Stockholder Approval. Any other provision of this Agreement notwithstanding, no portion of this option shall be exercisable at any time prior to the approval of the Plan by the Company’s stockholders.
SECTION 3. NO TRANSFER OR ASSIGNMENT OF OPTION.

Except as otherwise provided in this Agreement, this option and the rights and privileges conferred hereby shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment, levy or similar process.

SECTION 4. EXERCISE PROCEDURES.

(a) Notice of Exercise. The Optionee or the Optionee’s representative may exercise this option by: (i) signing and delivering written notice to the Company pursuant to Section 12(c) specifying the election to exercise this option, the number of Shares for which it is being exercised and the form of payment and (ii) delivering payment, in a form permissible under Section 5, for the full amount of the Purchase Price (together with any applicable withholding taxes under Subsection (b)). In the event that this option is being exercised by the representative of the Optionee, the notice shall be accompanied by proof (satisfactory to the Company) of the representative’s right to exercise this option.

(b) Withholding Taxes. In the event that the Company determines that it is required to withhold any tax (including without limitation any income tax, social insurance contributions, payroll tax, payment on account or other tax-related items arising in connection with the Optionee’s participation in the Plan and legally applicable to the Optionee (the “Tax-Related Items”)) as a result of the grant, vesting or exercise of this option, or as a result of the transfer of shares acquired upon exercise of this option, the Optionee, as a condition of this option, shall make arrangements satisfactory to the Company to enable it to satisfy all Tax-Related Items. The Optionee acknowledges that the responsibility for all Tax-Related Items is the Optionee’s and may exceed the amount actually withheld by the Company (or its affiliate or agent).

(c) Issuance of Shares. After satisfying all requirements for exercise of this option, the Company shall cause to be issued one or more certificates evidencing the Shares for which this option has been exercised. Such Shares shall be registered (i) in the name of the person exercising this option, (ii) in the names of such person and his or her spouse as community property or as joint tenants with the right of survivorship or (iii) with the Company’s consent, in the name of a revocable trust. Until the issuance of the Shares has been entered into the books and records of the Company or a duly authorized transfer agent of the Company, no right to vote, receive dividends or any other right as a stockholder will exist with respect to such Shares. The Company shall cause such certificates to be delivered to or upon the order of the person exercising this option.

SECTION 5. PAYMENT FOR STOCK.

(a) Cash. All or part of the Purchase Price may be paid in cash or cash equivalents.

(b) Surrender of Stock. At the discretion of the Board of Directors, all or any part of the Purchase Price may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Optionee. Such Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value as of the date when this option is exercised.
(c) **Exercise/Sale.** All or part of the Purchase Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company. However, payment pursuant to this Subsection (c) shall be permitted only if (i) Stock then is publicly traded and (ii) such payment does not violate applicable law.

**SECTION 6. TERM AND EXPIRATION.**

(a) **Basic Term.** This option shall in any event expire on the expiration date set forth in the Notice of Stock Option Grant, which date is 10 years after the Date of Grant (five years after the Date of Grant if this option is designated as an ISO in the Notice of Stock Option Grant and Section 3(b) of the Plan applies).

(b) **Termination of Service (Except by Death).** If the Optionee’s Service terminates for any reason other than death, then this option shall expire on the earliest of the following occasions:

(i) The expiration date determined pursuant to Subsection (a) above;

(ii) The date three months after the termination of the Optionee’s Service for any reason other than Disability; or

(iii) The date six months after the termination of the Optionee’s Service by reason of Disability.

The Optionee may exercise all or part of this option at any time before its expiration under the preceding sentence, but only to the extent that this option had become exercisable before the Optionee’s Service terminated. When the Optionee’s Service terminates, this option shall expire immediately with respect to the number of Shares for which this option is not yet exercisable. In the event that the Optionee dies after termination of Service but before the expiration of this option, all or part of this option may be exercised (prior to expiration) by the executors or administrators of the Optionee’s estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option had become exercisable before the Optionee’s Service terminated. Once this option (or portion thereof) has terminated, the Optionee shall have no further rights with respect to the option (or portion thereof) or to the underlying Shares.

(c) **Death of the Optionee.** If the Optionee dies while in Service, then this option shall expire on the earlier of the following dates:

(i) The expiration date determined pursuant to Subsection (a) above; or

(ii) The date 12 months after the Optionee’s death.
All or part of this option may be exercised at any time before its expiration under the preceding sentence by the executors or administrators of the Optionee’s estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option had become exercisable before the Optionee’s death. When the Optionee dies, this option shall expire immediately with respect to the number of Shares for which this option is not yet exercisable. Once this option (or portion thereof) has terminated, the Optionee shall have no further rights with respect to the option (or portion thereof) or to the underlying Shares.

(d) Extension of Post-Termination Exercise Periods. Following the date on which the Company’s Stock is first listed for trading on an established securities market, if during any part of the exercise period described in Subsections (b)(ii) or (iii) or Subsection (c)(ii) above the exercise of this option would be prohibited solely because the issuance of Shares upon such exercise would violate the registration requirements under the Securities Act or a similar provision of other applicable law, then instead of terminating at the end of such prescribed period, the then-vested portion of this option will instead remain outstanding and not expire until the earlier of (i) the expiration date determined pursuant to Section 6(a) above or (ii) the date on which the then-vested portion of this option has been exercisable without violation of applicable law for the aggregate period (which need not be consecutive) after termination of the Optionee’s Service specified in the applicable Subsection above.

(e) Part-Time Employment and Leaves of Absence. If the Optionee commences working on a part-time basis, then the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant. If the Optionee goes on a leave of absence, then the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant in accordance with the Company’s leave of absence policy or the terms of such leave. Except as provided in the preceding sentence, Service shall be deemed to continue for any purpose under this Agreement while the Optionee is on a bona fide leave of absence, if (i) such leave was approved by the Company in writing and (ii) continued crediting of Service for such purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company). Service shall be deemed to terminate when such leave ends, unless the Optionee immediately returns to active work.

(f) Notice Concerning ISO Treatment. Even if this option is designated as an ISO in the Notice of Stock Option Grant, it ceases to qualify for favorable tax treatment as an ISO to the extent that it is exercised:

(i) More than three months after the date when the Optionee ceases to be an Employee for any reason other than death or permanent and total disability (as defined in Section 22(e)(3) of the Code);

(ii) More than 12 months after the date when the Optionee ceases to be an Employee by reason of permanent and total disability (as defined in Section 22(e)(3) of the Code); or
More than three months after the date when the Optionee has been on a leave of absence for three months, unless the Optionee’s reemployment rights following such leave were guaranteed by statute or by contract.

SECTION 7. RIGHT OF FIRST REFUSAL.

(a) Right of First Refusal. In the event that the Optionee proposes to sell, pledge or otherwise transfer to a third party any Shares acquired under this Agreement, or any interest in such Shares, the Company shall have the Right of First Refusal with respect to all (and not less than all) of such Shares. If the Optionee desires to transfer Shares acquired under this Agreement, the Optionee shall give a written Transfer Notice to the Company describing fully the proposed transfer, including the number of Shares proposed to be transferred, the proposed transfer price, the name and address of the proposed Transferee and proof satisfactory to the Company that the proposed sale or transfer will not violate any applicable federal, State or foreign securities laws. The Transfer Notice shall be signed both by the Optionee and by the proposed Transferee and must constitute a binding commitment of both parties to the transfer of the Shares. The Company shall have the right to purchase all, and not less than all, of the Shares on the terms of the proposal described in the Transfer Notice (subject, however, to any change in such terms permitted under Subsection (b) below) by delivery of a notice of exercise of the Right of First Refusal within 30 days after the date when the Transfer Notice was received by the Company.

(b) Transfer of Shares. If the Company fails to exercise its Right of First Refusal within 30 days after the date when it received the Transfer Notice, the Optionee may, not later than 90 days following receipt of the Transfer Notice by the Company, conclude a transfer of the Shares subject to the Transfer Notice on the terms and conditions described in the Transfer Notice, provided that any such sale is made in compliance with applicable federal, State and foreign securities laws and not in violation of any other contractual restrictions to which the Optionee is bound. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Optionee, shall again be subject to the Right of First Refusal and shall require compliance with the procedure described in Subsection (a) above. If the Company exercises its Right of First Refusal, the parties shall consummate the sale of the Shares on the terms set forth in the Transfer Notice within 60 days after the date when the Company received the Transfer Notice (or within such longer period as may have been specified in the Transfer Notice); provided, however, that in the event the Transfer Notice provided that payment for the Shares was to be made in a form other than cash or cash equivalents paid at the time of transfer, the Company shall have the option of paying for the Shares with cash or cash equivalents equal to the present value of the consideration described in the Transfer Notice.

(c) Additional or Exchanged Securities and Property. In the event of a merger or consolidation of the Company, a sale of all or substantially all of the Company’s stock or assets, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company’s outstanding securities, any securities or other property (including cash or cash
equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Shares subject to this Section 7 shall immediately be subject to the Right of First Refusal. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Shares subject to this Section 7.

(d) **Termination of Right of First Refusal.** Any other provision of this Section 7 notwithstanding, in the event that the Stock is readily tradable on an established securities market when the Optionee desires to transfer Shares, the Company shall have no Right of First Refusal, and the Optionee shall have no obligation to comply with the procedures prescribed by Subsections (a) and (b) above.

(e) **Permitted Transfers.** This Section 7 shall not apply to (i) a transfer by beneficiary designation, will or intestate succession or (ii) a transfer to one or more members of the Optionee’s Immediate Family or to a trust established by the Optionee for the benefit of the Optionee and/or one or more members of the Optionee’s Immediate Family, provided in either case that the Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement. If the Optionee transfers any Shares acquired under this Agreement, either under this Subsection (e) or after the Company has failed to exercise the Right of First Refusal, then this Agreement shall apply to the Transferee to the same extent as to the Optionee.

(f) **Termination of Rights as Stockholder.** If the Company makes available, at the time and place and in the amount and form provided in this Agreement, the consideration for the Shares to be purchased in accordance with this Section 7, then after such time the person from whom such Shares are to be purchased shall no longer have any rights as a holder of such Shares (other than the right to receive payment of such consideration in accordance with this Agreement). Such Shares shall be deemed to have been purchased in accordance with the applicable provisions hereof, whether or not the certificate(s) therefor have been delivered as required by this Agreement.

(g) **Assignment of Right of First Refusal.** The Board of Directors may freely assign the Company’s Right of First Refusal, in whole or in part. Any person who accepts an assignment of the Right of First Refusal from the Company shall assume all of the Company’s rights and obligations under this Section 7.

**SECTION 8. LEGALITY OF INITIAL ISSUANCE.**

No Shares shall be issued upon the exercise of this option unless and until the Company has determined that:

(a) It and the Optionee have taken any actions required to register the Shares under the Securities Act or to perfect an exemption from the registration requirements thereof;

(b) Any applicable listing requirement of any stock exchange or other securities market on which Stock is listed has been satisfied; and
SECTION 9. NO REGISTRATION RIGHTS.

The Company may, but shall not be obligated to, register or qualify the sale of Shares under the Securities Act or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the sale of Shares under this Agreement to comply with any law.

SECTION 10. RESTRICTIONS ON TRANSFER OF SHARES.

(a) Securities Law Restrictions. Regardless of whether the offer and sale of Shares under the Plan have been registered under the Securities Act or have been registered or qualified under the securities laws of any State or other relevant jurisdiction, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on the stock certificates (or electronic equivalent) or the imposition of stop-transfer instructions) and may refuse (or may be required to refuse) to transfer Shares acquired hereunder (or Shares proposed to be transferred in a subsequent transfer) if, in the judgment of the Company, such restrictions, legends or refusal are necessary or appropriate to achieve compliance with the Securities Act or other relevant securities or other laws, including without limitation under Regulation S of the Securities Act or pursuant to another available exemption from registration.

(b) Market Stand-Off. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Company’s initial public offering, the Optionee or a Transferee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Agreement without the prior written consent of the Company or its managing underwriter. Such restriction (the “Market Stand-Off”) shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriter. In no event, however, shall such period exceed 180 days plus such additional period as may reasonably be requested by the Company or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions, including (without limitation) the restrictions set forth in Rule 2711(f)(4) of the National Association of Securities Dealers and Rule 472(f)(4) of the New York Stock Exchange, as amended, or any similar successor rules. The Market Stand-Off shall in any event terminate two years after the date of the Company’s initial public offering. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company’s outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company’s underwriters shall be beneficiaries of the agreement set forth in this Subsection (b). This Subsection (b) shall not apply to Shares registered in the public offering under the Securities Act.
(c) **Investment Intent at Grant.** The Optionee represents and agrees that the Shares to be acquired upon exercising this option will be acquired for investment, and not with a view to the sale or distribution thereof.

(d) **Investment Intent at Exercise.** In the event that the sale of Shares under the Plan is not registered under the Securities Act but an exemption is available that requires an investment representation or other representation, the Optionee shall represent and agree at the time of exercise that the Shares being acquired upon exercising this option are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations as are deemed necessary or appropriate by the Company and its counsel, including (if applicable because the Company is relying on Regulation S under the Securities Act) that as of the date of exercise the Optionee is (i) not a U.S. Person; (ii) not acquiring the Shares on behalf, or for the account or benefit, of a U.S. Person; and (iii) is not exercising the option in the United States.

(e) **Legends.** All certificates evidencing Shares purchased under this Agreement shall bear the following legend:


All certificates evidencing Shares purchased under this Agreement in an unregistered transaction shall bear the following legend (and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law):

TRANSFERRED OR DISPOSED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED. IN THE ABSENCE OF REGISTRATION OR THE AVAILABILITY (CONFIRMED BY OPINION OF COUNSEL) OF AN ALTERNATIVE EXEMPTION FROM REGISTRATION UNDER THE ACT (INCLUDING WITHOUT LIMITATION IN ACCORDANCE WITH REGULATION S UNDER THE ACT), THESE SHARES MAY NOT BE SOLD, REOFFERED, PLEDGED, ASSIGNED, ENCUMBERED OR OTHERWISE TRANSFERRED OR DISPOSED OF. HEDGING TRANSACTIONS INVOLVING THESE SHARES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE ACT."

(f) Removal of Legends. If, in the opinion of the Company and its counsel, any legend placed on a stock certificate representing Shares sold under this Agreement is no longer required, the holder of such certificate shall be entitled to exchange such certificate for a certificate representing the same number of Shares but without such legend.

(g) Administration. Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 10 shall be conclusive and binding on the Optionee and all other persons.

SECTION 11. ADJUSTMENT OF SHARES.

In the event of any transaction described in Section 8(a) of the Plan, the terms of this option (including, without limitation, the number and kind of Shares subject to this option and the Exercise Price) shall be adjusted as set forth in Section 8(a) of the Plan. In the event that the Company is a party to a merger or consolidation or in the event of a sale of all or substantially all of the Company’s stock or assets, this option shall be subject to the treatment provided by the Board of Directors in its sole discretion, as provided in Section 8(b) of the Plan.

SECTION 12. MISCELLANEOUS PROVISIONS.

(a) Rights as a Stockholder. Neither the Optionee nor the Optionee’s representative shall have any rights as a stockholder with respect to any Shares subject to this option until the Optionee or the Optionee’s representative becomes entitled to receive such Shares by filing a notice of exercise and paying the Purchase Price pursuant to Sections 4 and 5.

(b) No Retention Rights. Nothing in this option or in the Plan shall confer upon the Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Optionee) or of the Optionee, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

(c) Notice. Any notice required by the terms of this Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid, (iii) deposit with Federal Express Corporation, with shipping charges prepaid or (iv) deposit with any internationally recognized express mail courier service. Notice shall be addressed to the Company at its principal executive office and to the Optionee at the address that he or she most recently provided to the Company in accordance with this Subsection (c).
Modifications and Waivers. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Optionee and by an authorized officer of the Company (other than the Optionee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Entire Agreement. The Notice of Stock Option Grant, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(f) Choice of Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State.

SECTION 13. ACKNOWLEDGEMENTS OF THE OPTIONEE.

In addition to the other terms, conditions and restrictions imposed on this option and the Shares issuable under this option pursuant to this Agreement and the Plan, the Optionee expressly acknowledges being subject to Sections 7 (Right of First Refusal), 8 (Legality of Initial Issuance) and 10 (Restrictions on Transfer of Shares, including without limitation the Market Stand-Off), as well as the following provisions:

(a) Tax Consequences (No Liability for Discounted Options). The Optionee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes the Optionee’s tax liabilities. The Optionee shall not make any claim against the Company or its Board of Directors, officers or employees related to tax liabilities arising from this option or the Optionee’s other compensation. In particular, any Optionee subject to U.S. taxation acknowledges that this option is exempt from Section 409A of the Code only if the Exercise Price is at least equal to the Fair Market Value per Share on the Date of Grant. Since Shares are not traded on an established securities market, the determination of their Fair Market Value is made by the Board of Directors or by an independent valuation firm retained by the Company. The Optionee acknowledges that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and the Optionee shall not make any claim against the Company or its Board of Directors, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.

(b) Electronic Delivery of Documents. The Optionee agrees to accept by email all documents relating to the Company, the Plan or this option and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the Securities and Exchange Commission). The Optionee
also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Optionee by email of their availability. The Optionee acknowledges that he or she may incur costs in connection with electronic delivery, including the cost of accessing the internet and printing fees, and that an interruption of internet access may interfere with his or her ability to access the documents. This consent shall remain in effect until this option expires or until the Optionee gives the Company written notice that it should deliver paper documents.

(c) **No Notice of Expiration Date.** The Optionee agrees that the Company and its officers, employees, attorneys and agents do not have any obligation to notify him or her prior to the expiration of this option pursuant to Section 6, regardless of whether this option will expire at the end of its full term or on an earlier date related to the termination of the Optionee’s Service. The Optionee further agrees that he or she has the sole responsibility for monitoring the expiration of this option and for exercising this option, if at all, before it expires. This Subsection (c) shall supersede any contrary representation that may have been made, orally or in writing, by the Company or by an officer, employee, attorney or agent of the Company.

(d) **Waiver of Statutory Information Rights.** The Optionee acknowledges and agrees that, upon exercise of this option and until the first sale of the Company’s Stock to the general public pursuant to a registration statement filed under the Securities Act, he or she will be deemed to have waived any rights the Optionee might otherwise have had under Section 220 of the Delaware General Corporation Law (or under similar rights under other applicable law) to inspect for any proper purpose and to make copies and extracts from the Company’s stock ledger, a list of its stockholders and its other books and records or the books and records of any subsidiary. This waiver applies only in the Optionee’s capacity as a stockholder and does not affect any other inspection rights the Optionee may have under other law or pursuant to a written agreement with the Company.

(e) **Plan Discretionary.** The Optionee understands and acknowledges that (i) the Plan is entirely discretionary, (ii) the Company and the Optionee’s employer have reserved the right to amend, suspend or terminate the Plan at any time, (iii) the grant of an option does not in any way create any contractual or other right to receive additional grants of options (or benefits in lieu of options) at any time or in any amount and (iv) all determinations with respect to any additional grants, including (without limitation) the times when options will be granted, the number of Shares offered, the Exercise Price and the vesting schedule, will be at the sole discretion of the Company.

(f) **Termination of Service.** The Optionee understands and acknowledges that participation in the Plan ceases upon termination of his or her Service for any reason, except as may explicitly be provided otherwise in the Plan or this Agreement.

(g) **Extraordinary Compensation.** The value of this option shall be an extraordinary item of compensation outside the scope of the Optionee’s employment contract, if any, and shall not be considered a part of his or her normal or expected compensation for purposes of calculating severance, resignation, redundancy or end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.
(h) **Authorization to Disclose.** The Optionee hereby authorizes and directs the Optionee’s employer to disclose to the Company or any Subsidiary any information regarding the Optionee’s employment, the nature and amount of the Optionee’s compensation and the fact and conditions of the Optionee’s participation in the Plan, as the Optionee’s employer deems necessary or appropriate to facilitate the administration of the Plan.

(i) **Personal Data Authorization.** The Optionee consents to the collection, use and transfer of personal data as described in this Subsection (i). The Optionee understands and acknowledges that the Company, the Optionee’s employer and the Company’s other Subsidiaries hold certain personal information regarding the Optionee for the purpose of managing and administering the Plan, including (without limitation) the Optionee’s name, home address, telephone number, date of birth, social insurance number, salary, nationality, job title, any Shares or directorships held in the Company and details of all options or any other entitlements to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Optionee’s favor (the “Data”). The Optionee further understands and acknowledges that the Company and/or its Subsidiaries will transfer Data among themselves as necessary for the purpose of implementation, administration and management of the Optionee’s participation in the Plan and that the Company and/or any Subsidiary may each further transfer Data to any third party assisting the Company in the implementation, administration and management of the Plan. The Optionee understands and acknowledges that the recipients of Data may be located in the United States or elsewhere. The Optionee authorizes such recipients to receive, possess, use, retain and transfer Data, in electronic or other form, for the purpose of administering the Optionee’s participation in the Plan, including a transfer to any broker or other third party with whom the Optionee elects to deposit Shares acquired under the Plan of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Optionee’s behalf. The Optionee may, at any time, view the Data, require any necessary modifications of Data or withdraw the consents set forth in this Subsection (i) by contacting the Company in writing.

SECTION 14. DEFINITIONS.

(a) “**Agreement**” shall mean this Stock Option Agreement.

(b) “**Board of Directors**” shall mean the Board of Directors of the Company, as constituted from time to time or, if a Committee has been appointed, such Committee.

(c) “**Company**” shall mean RAPT Therapeutics, Inc., a Delaware corporation.

(d) “**Immediate Family**” shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and shall include adoptive relationships.

(e) “**Optionee**” shall mean the person named in the Notice of Stock Option Grant.

(f) “**Plan**” shall mean the RAPT Therapeutics, Inc. 2015 Stock Plan, as in effect on the Date of Grant.
(g) “Purchase Price” shall mean the Exercise Price multiplied by the number of Shares with respect to which this option is being exercised.

(h) “Right of First Refusal” shall mean the Company’s right of first refusal described in Section 7.

(i) “Service” means service as an Employee, Outside Director or Consultant.

(j) “Transferee” shall mean any person to whom the Optionee has directly or indirectly transferred any Share acquired under this Agreement.

(k) “Transfer Notice” shall mean the notice of a proposed transfer of Shares described in Section 7.

(l) “U.S. Person” shall mean a person described in Rule 902(k) of Regulation S of the Securities Act (or any successor rule or provision), which generally defines a U.S. person as any natural person resident in the United States, any estate of which any executor or administrator is a U.S. Person, or any trust of which any trustee is a U.S. Person.
RAPT THERAPEUTICS, INC. 2015 STOCK PLAN
NOTICE OF STOCK OPTION EXERCISE (INSTALLMENT EXERCISE)

You must sign this Notice on Page 3 before submitting it to the Company.

OPTIONEE INFORMATION:

Name: _______________________________ Social Security Number: _______________________________
Address: _______________________________ Employee Number: _______________________________

OPTION INFORMATION:

Date of Grant: __________ 20__ Type of Stock Option:
Exercise Price per Share: $______ □ Nonstatutory (NSO)
Total number of shares of Common Stock of FLX Bio, Inc. (the “Company”) □ Incentive (ISO)
covered by the option: __________

EXERCISE INFORMATION:

Number of shares of Common Stock of the Company for which the option is being exercised now: __________ (These shares are referred to below as the “Purchased Shares.”)

Total Exercise Price for the Purchased Shares: $_________

Form of payment enclosed [check all that apply]:
☐ Check for $_______, payable to “RAPT Therapeutics, Inc.”
☐ Certificate(s) for ________ shares of Common Stock of the Company. These shares will be valued as of the date this notice is received by the Company. [Requires Company consent.]
☐ Attestation Form covering ________ shares of Common Stock of the Company. These shares will be valued as of the date this notice is received by the Company. [Requires Company consent.]

Name(s) in which the Purchased Shares should be registered [please review the attached explanation of the available forms of ownership, and then check one box]:
☐ In my name only
☐ In the names of my spouse and myself as community property
☐ In the names of my spouse and myself as community property with the right of survivorship
☐ In the names of my spouse and myself as joint tenants with the right of survivorship
☐ In the name of an eligible revocable trust [requires Stock Transfer Agreement]

Full legal name of revocable trust:

The certificate for the Purchased Shares should be sent to the following address:

REPRESENTATIONS AND ACKNOWLEDGEMENTS OF THE OPTIONEE:

1. I represent and warrant to the Company that I am acquiring and will hold the Purchased Shares for investment for my account only, and not with a view to, or for resale in connection with, any “distribution” of the Purchased Shares within the meaning of the Securities Act of 1933, as amended (the “Securities Act”).
2. I understand that my purchase of the Purchased Shares has not been registered under the Securities Act by reason of a specific exemption therefrom and that the Purchased Shares must be held indefinitely, unless they are subsequently registered under the Securities Act or I obtain an opinion of counsel (in form and substance satisfactory to the Company and its counsel) that registration is not required.
3. I acknowledge that the Company is under no obligation to register the Purchased Shares or any sale or transfer thereof.
4. I am aware of Rule 144 under the Securities Act, which permits limited public resales of securities acquired in a non-public offering, subject to the satisfaction of certain conditions. These conditions may include (without limitation) that certain current public information about the issuer be available, that the resale occur only after a holding period required by Rule 144 has been satisfied, that the sale occur through an unsolicited “broker’s transaction” and that the amount of securities being sold during any three-month period not exceed specified limitations. I understand that the conditions for resale set forth in Rule 144 have not been satisfied as of the date set forth below, and that the Company is not required to take action to satisfy any conditions applicable to it.
5. I will not sell, transfer or otherwise dispose of the Purchased Shares in violation of the Securities Act, the Securities Exchange Act of 1934, or the rules promulgated thereunder, including Rule 144 under the Securities Act.
6. I acknowledge that I have received and had access to such information as I consider necessary or appropriate for deciding whether to invest in the Purchased Shares and that I had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the issuance of the Purchased Shares.
7. I am aware that my investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. I am able, without impairing my financial condition, to hold the Purchased Shares for an indefinite period and to suffer a complete loss of my investment in the Purchased Shares.

8. I acknowledge that the Purchased Shares remain subject to the Company’s right of first refusal and the market stand-off (sometimes referred to as the “lock-up”), all in accordance with the applicable Notice of Stock Option Grant and Stock Option Agreement.

9. I acknowledge that I am acquiring the Purchased Shares subject to all other terms of the Notice of Stock Option Grant and Stock Option Agreement.

10. I acknowledge that I have received a copy of the Company’s explanation of the forms of ownership available for my Purchased Shares. I acknowledge that the Company has encouraged me to consult my own adviser to determine the form of ownership that is appropriate for me. In the event that I choose to transfer my Purchased Shares to a trust, I agree to sign a Stock Transfer Agreement. In the event that I choose to transfer my Purchased Shares to a trust that does not satisfy the requirements described in the attached explanation (i.e., a trust that is not an eligible revocable trust), I also acknowledge that the transfer will be treated as a “disposition” for tax purposes. As a result, the favorable ISO tax treatment will be unavailable and other unfavorable tax consequences may occur.

11. I acknowledge that I have received a copy of the Company’s explanation of the federal income tax consequences of an option exercise. I acknowledge that the Company has encouraged me to consult my own adviser to determine the tax consequences of acquiring the Purchased Shares at this time.

12. I agree that the Company does not have a duty to design or administer the 2015 Stock Plan or its other compensation programs in a manner that minimizes my tax liabilities. I will not make any claim against the Company or its Board of Directors, officers or employees related to tax liabilities arising from my options or my other compensation. In particular, I acknowledge that my options are exempt from section 409A of the Internal Revenue Code only if the exercise price per share is at least equal to the fair market value per share of the Company’s Common Stock at the time the option was granted by the Company’s Board of Directors. Since shares of the Company’s Common Stock are not traded on an established securities market, the determination of their fair market value was made by the Company’s Board of Directors or by an independent valuation firm retained by the Company. I acknowledge that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and I will not make any claim against the Company or its Board of Directors, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.

13. I agree to seek the consent of my spouse to the extent required by the Company to enforce the foregoing.

SIGNATURE: 

DATE: 
The Optionee has been granted the following option to purchase shares of the Common Stock of FLX Bio, Inc.:

Name of Optionee: «Name»

Total Number of Shares: «TotalShares»

Type of Option:
- «ISO» Incentive Stock Option (ISO)
- «NSO» Nonstatutory Stock Option (NSO)

Exercise Price per Share: $«PricePerShare»

Date of Grant: «DateGrant»

Date Exercisable: This option may be exercised at any time after the Date of Grant for all or any part of the Shares subject to this option.

Vesting Commencement Date: «VestComDate»

Vesting Schedule: The Right of Repurchase shall lapse with respect to the first «Percent»% of the Shares subject to this option when the Optionee completes «CliffPeriod» months of continuous Service beginning with the Vesting Commencement Date set forth above. The Right of Repurchase shall lapse with respect to an additional «Fraction»% of the Shares subject to this option when the Optionee completes each month of continuous Service thereafter.

Expiration Date: «ExpDate». This option expires earlier if the Optionee’s Service terminates earlier, as provided in Section 6 of the Stock Option Agreement, or if the Company engages in certain corporate transactions, as provided in Section 8(b) of the Plan.

By signing below, the Optionee and the Company agree that this option is granted under, and governed by the terms and conditions of, the 2015 Stock Plan and the Stock Option Agreement. Both of these documents are attached to, and made a part of, this Notice of Stock Option Grant. Section 14 of the Stock Option Agreement includes important acknowledgements of the Optionee.

OPTIONEE: ____________________________

RAPT THERAPEUTICS INC.

By: ____________________________

Title: ____________________________
SECTION 1. GRANT OF OPTION.

(a) **Option.** On the terms and conditions set forth in the Notice of Stock Option Grant and this Agreement, the Company grants to the Optionee on the Date of Grant the option to purchase at the Exercise Price the number of Shares set forth in the Notice of Stock Option Grant. The Exercise Price is agreed to be at least 100% of the Fair Market Value per Share on the Date of Grant (110% of Fair Market Value if this option is designated as an ISO in the Notice of Stock Option Grant and Section 3(b) of the Plan applies). This option is intended to be an ISO or an NSO, as provided in the Notice of Stock Option Grant.

(b) **$100,000 Limitation.** Even if this option is designated as an ISO in the Notice of Stock Option Grant, it shall be deemed to be an NSO to the extent (and only to the extent) required by the $100,000 annual limitation under Section 422(d) of the Code.

(c) **Stock Plan and Defined Terms.** This option is granted pursuant to the Plan, a copy of which the Optionee acknowledges having received. The provisions of the Plan are incorporated into this Agreement by this reference. Except as otherwise defined in this Agreement (including without limitation Section 15 hereof), capitalized terms shall have the meaning ascribed to such terms in the Plan.

SECTION 2. RIGHT TO EXERCISE.

(a) **Exercisability.** Subject to Subsection (b) below and the other conditions set forth in this Agreement, all or part of this option may be exercised prior to its expiration at the time or times set forth in the Notice of Stock Option Grant. Shares purchased by exercising this option may be subject to the Right of Repurchase under Section 7.

(b) **Stockholder Approval.** Any other provision of this Agreement notwithstanding, no portion of this option shall be exercisable at any time prior to the approval of the Plan by the Company’s stockholders.
SECTION 3. NO TRANSFER OR ASSIGNMENT OF OPTION.

Except as otherwise provided in this Agreement, this option and the rights and privileges conferred hereby shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment, levy or similar process.

SECTION 4. EXERCISE PROCEDURES.

(a) **Notice of Exercise.** The Optionee or the Optionee’s representative may exercise this option by: (i) signing and delivering written notice to the Company pursuant to Section 13(c) specifying the election to exercise this option, the number of Shares for which it is being exercised and the form of payment and (ii) delivering payment, in a form permissible under Section 5, for the full amount of the Purchase Price (together with any applicable withholding taxes under Subsection (b)). In the event that this option is being exercised by the representative of the Optionee, the notice shall be accompanied by proof (satisfactory to the Company) of the representative’s right to exercise this option. In the event of a partial exercise of this option, Shares shall be deemed to have been purchased in the order in which they vest in accordance with the Notice of Stock Option Grant.

(b) **Withholding Taxes.** In the event that the Company determines that it is required to withhold any tax (including without limitation any income tax, social insurance contributions, payroll tax, payment on account or other tax-related items arising in connection with the Optionee’s participation in the Plan and legally applicable to the Optionee (the “**Tax-Related Items**”)) as a result of the grant, vesting or exercise of this option, or as a result of the vesting or transfer of shares acquired upon exercise of this option, the Optionee, as a condition of this option, shall make arrangements satisfactory to the Company to enable it to satisfy all Tax-Related Items. The Optionee acknowledges that the responsibility for all Tax-Related Items is the Optionee’s and may exceed the amount actually withheld by the Company (or its affiliate or agent).

(c) **Issuance of Shares.** After satisfying all requirements for exercise of this option, the Company shall cause to be issued one or more certificates evidencing the Shares for which this option has been exercised. Such Shares shall be registered (i) in the name of the person exercising this option, (ii) in the names of such person and his or her spouse as community property or as joint tenants with the right of survivorship or (iii) with the Company’s consent, in the name of a revocable trust. Until the issuance of the Shares has been entered into the books and records of the Company or a duly authorized transfer agent of the Company, no right to vote, receive dividends or any other right as a stockholder will exist with respect to such Shares. In the case of Restricted Shares, the Company shall cause such certificates to be deposited in escrow under Section 7(c). In the case of other Shares, the Company shall cause such certificates to be delivered to or upon the order of the person exercising this option.

SECTION 5. PAYMENT FOR STOCK.

(a) **Cash.** All or part of the Purchase Price may be paid in cash or cash equivalents.
(b) **Surrender of Stock.** At the discretion of the Board of Directors, all or any part of the Purchase Price may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Optionee. Such Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value as of the date when this option is exercised.

(c) **Exercise/Sale.** All or part of the Purchase Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company. However, payment pursuant to this Subsection (c) shall be permitted only if (i) Stock then is publicly traded and (ii) such payment does not violate applicable law.

**SECTION 6. TERM AND EXPIRATION.**

(a) **Basic Term.** This option shall in any event expire on the expiration date set forth in the Notice of Stock Option Grant, which date is 10 years after the Date of Grant (five years after the Date of Grant if this option is designated as an ISO in the Notice of Stock Option Grant and Section 3(b) of the Plan applies).

(b) **Termination of Service (Except by Death).** If the Optionee’s Service terminates for any reason other than death, then this option shall expire on the earliest of the following occasions:

(i) The expiration date determined pursuant to Subsection (a) above;

(ii) The date three months after the termination of the Optionee’s Service for any reason other than Disability; or

(iii) The date six months after the termination of the Optionee’s Service by reason of Disability.

The Optionee may exercise all or part of this option at any time before its expiration under the preceding sentence, but only to the extent that this option is exercisable for vested Shares on or before the date when the Optionee’s Service terminates. When the Optionee’s Service terminates, this option shall expire immediately with respect to the number of Shares for which this option is not yet exercisable and with respect to any Restricted Shares. In the event that the Optionee dies after termination of Service but before the expiration of this option, all or part of this option may be exercised (prior to expiration) by the executors or administrators of the Optionee’s estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option was exercisable for vested Shares on or before the date when the Optionee’s Service terminated. Once this option (or portion thereof) has terminated, the Optionee shall have no further rights with respect to the option (or portion thereof) or to the underlying Shares.
(c) **Death of the Optionee.** If the Optionee dies while in Service, then this option shall expire on the earlier of the following dates:

(i) The expiration date determined pursuant to Subsection (a) above; or

(ii) The date 12 months after the Optionee’s death.

All or part of this option may be exercised at any time before its expiration under the preceding sentence by the executors or administrators of the Optionee’s estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option is exercisable for vested Shares on or before the date of the Optionee’s death. When the Optionee dies, this option shall expire immediately with respect to the number of Shares for which this option is not yet exercisable and with respect to any Restricted Shares. Once this option (or portion thereof) has terminated, the Optionee shall have no further rights with respect to the option (or portion thereof) or to the underlying Shares.

(d) **Extension of Post-Termination Exercise Periods.** Following the date on which the Company’s Stock is first listed for trading on an established securities market, if during any part of the exercise period described in Subsections (b)(ii) or (iii) or Subsection (c)(ii) above the exercise of this option would be prohibited solely because the issuance of Shares upon such exercise would violate the registration requirements under the Securities Act or a similar provision of other applicable law, then instead of terminating at the end of such prescribed period, the then-vested portion of this option will instead remain outstanding and not expire until the earlier of (i) the expiration date determined pursuant to Section 6(a) above or (ii) the date on which the then-vested portion of this option has been exercisable without violation of applicable law for the aggregate period (which need not be consecutive) after termination of the Optionee’s Service specified in the applicable Subsection above.

(e) **Part-Time Employment and Leaves of Absence.** If the Optionee commences working on a part-time basis, then the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant. If the Optionee goes on a leave of absence, then the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant in accordance with the Company’s leave of absence policy or the terms of such leave. Except as provided in the preceding sentence, Service shall be deemed to continue for any purpose under this Agreement while the Optionee is on a *bona fide* leave of absence, if (i) such leave was approved by the Company in writing and (ii) continued crediting of Service for such purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company). Service shall be deemed to terminate when such leave ends, unless the Optionee immediately returns to active work.

(f) **Notice Concerning ISO Treatment.** Even if this option is designated as an ISO in the Notice of Stock Option Grant, it ceases to qualify for favorable tax treatment as an ISO to the extent that it is exercised:

(i) More than three months after the date when the Optionee ceases to be an Employee for any reason other than death or permanent and total disability (as defined in Section 22(e)(3) of the Code);
More than 12 months after the date when the Optionee ceases to be an Employee by reason of permanent and total disability (as defined in Section 22(e)(3) of the Code); or

More than three months after the date when the Optionee has been on a leave of absence for three months, unless the Optionee’s reemployment rights following such leave were guaranteed by statute or by contract.

SECTION 7. RIGHT OF REPURCHASE.

(a) Scope of Repurchase Right. Until they vest in accordance with the Notice of Stock Option Grant and Subsection (b) below, the Shares acquired under this Agreement shall be Restricted Shares and shall be subject to the Company’s Right of Repurchase. The Company, however, may decline to exercise its Right of Repurchase or may exercise its Right of Repurchase only with respect to a portion of the Restricted Shares. The Company may exercise its Right of Repurchase only during the Repurchase Period following the termination of the Optionee’s Service, but the Right of Repurchase may be exercised automatically under Subsection (d) below. If the Right of Repurchase is exercised, the Company shall pay the Optionee an amount equal to the lower of (i) the Exercise Price of each Restricted Share being repurchased or (ii) the Fair Market Value of such Restricted Share at the time the Right of Repurchase is exercised.

(b) Lapse of Repurchase Right. The Right of Repurchase shall lapse with respect to the Restricted Shares in accordance with the vesting schedule set forth in the Notice of Stock Option Grant.

(c) Escrow. Upon issuance, the certificate(s) for Restricted Shares shall be deposited in escrow with the Company to be held in accordance with the provisions of this Agreement. Any additional or exchanged securities or other property described in Subsection (f) below shall immediately be delivered to the Company to be held in escrow. All ordinary cash dividends on Restricted Shares (or on other securities held in escrow) shall be paid directly to the Optionee and shall not be held in escrow. Restricted Shares, together with any other assets held in escrow under this Agreement, shall be (i) surrendered to the Company for repurchase upon exercise of the Right of Repurchase or the Right of First Refusal or (ii) released to the Optionee upon his or her request to the extent that the Shares have ceased to be Restricted Shares (but not more frequently than once every six months). In any event, all Shares that have ceased to be Restricted Shares, together with any other vested assets held in escrow under this Agreement, shall be released within 90 days after the earlier of (i) the termination of the Optionee’s Service or (ii) the lapse of the Right of First Refusal.

(d) Exercise of Repurchase Right. The Company shall be deemed to have exercised its Right of Repurchase automatically for all Restricted Shares as of the commencement of the Repurchase Period, unless the Company during the Repurchase Period notifies the holder of the Restricted Shares pursuant to Section 13(c) that it will not exercise its Right of Repurchase for some or all of the Restricted Shares. The Company shall pay to the holder of the Restricted Shares the purchase price determined under Subsection (a) above for the Restricted Shares being repurchased. Payment shall be made in cash or cash equivalents and/or by canceling indebtedness to the Company incurred by the Optionee in the purchase of the Restricted Shares. The certificate(s) representing the Restricted Shares being repurchased shall be delivered to the Company.
(c) **Termination of Rights as Stockholder.** If the Right of Repurchase is exercised in accordance with this Section 7 and the Company makes available the consideration for the Restricted Shares being repurchased, then the person from whom the Restricted Shares are repurchased shall no longer have any rights as a holder of the Restricted Shares (other than the right to receive payment of such consideration). Such Restricted Shares shall be deemed to have been repurchased pursuant to this Section 7, whether or not the certificate(s) for such Restricted Shares have been delivered to the Company or the consideration for such Restricted Shares has been accepted.

(f) **Additional or Exchanged Securities and Property.** In the event of a merger or consolidation of the Company, a sale of all or substantially all of the Company’s stock or assets, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company’s outstanding securities, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Restricted Shares shall immediately be subject to the Right of Repurchase. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Restricted Shares. Appropriate adjustments shall also be made to the price per share to be paid upon the exercise of the Right of Repurchase, provided that the aggregate purchase price payable for the Restricted Shares shall remain the same. In the event of any transaction described in Section 8(b) of the Plan or any other corporate reorganization, the Right of Repurchase may be exercised by the Company’s successor.

(g) **Transfer of Restricted Shares.** The Optionee shall not transfer, assign, encumber or otherwise dispose of any Restricted Shares without the Company’s written consent, except as provided in the following sentence. The Optionee may transfer Restricted Shares to one or more members of the Optionee’s Immediate Family or to a trust established by the Optionee for the benefit of the Optionee and/or one or more members of the Optionee’s Immediate Family, provided in either case that the Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement. If the Optionee transfers any Restricted Shares, then this Agreement shall apply to the Transferee to the same extent as to the Optionee.

(h) **Assignment of Repurchase Right.** The Board of Directors may freely assign the Company’s Right of Repurchase, in whole or in part. Any person who accepts an assignment of the Right of Repurchase from the Company shall assume all of the Company’s rights and obligations under this Section 7.
SECTION 8. RIGHT OF FIRST REFUSAL.

(a) Right of First Refusal. In the event that the Optionee proposes to sell, pledge or otherwise transfer to a third party any Shares acquired under this Agreement, or any interest in such Shares, the Company shall have the Right of First Refusal with respect to all (and not less than all) of such Shares. If the Optionee desires to transfer Shares acquired under this Agreement, the Optionee shall give a written Transfer Notice to the Company describing fully the proposed transfer, including the number of Shares proposed to be transferred, the proposed transfer price, the name and address of the proposed Transferee and proof satisfactory to the Company that the proposed sale or transfer will not violate any applicable federal, State or foreign securities laws. The Transfer Notice shall be signed both by the Optionee and by the proposed Transferee and must constitute a binding commitment of both parties to the transfer of the Shares. The Company shall have the right to purchase all, and not less than all, of the Shares on the terms of the proposal described in the Transfer Notice (subject, however, to any change in such terms permitted under Subsection (b) below) by delivery of a notice of exercise of the Right of First Refusal within 30 days after the date when the Transfer Notice was received by the Company.

(b) Transfer of Shares. If the Company fails to exercise its Right of First Refusal within 30 days after the date when it received the Transfer Notice, the Optionee may, not later than 90 days following receipt of the Transfer Notice by the Company, conclude a transfer of the Shares subject to the Transfer Notice on the terms and conditions described in the Transfer Notice, provided that any such sale is made in compliance with applicable federal, State and foreign securities laws and not in violation of any other contractual restrictions to which the Optionee is bound. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Optionee, shall again be subject to the Right of First Refusal and shall require compliance with the procedure described in Subsection (a) above. If the Company exercises its Right of First Refusal, the parties shall consummate the sale of the Shares on the terms set forth in the Transfer Notice within 60 days after the date when the Company received the Transfer Notice (or within such longer period as may have been specified in the Transfer Notice); provided, however, that in the event the Transfer Notice provided that payment for the Shares was to be made in a form other than cash or cash equivalents paid at the time of transfer, the Company shall have the option of paying for the Shares with cash or cash equivalents equal to the present value of the consideration described in the Transfer Notice.

(c) Additional or Exchanged Securities and Property. In the event of a merger or consolidation of the Company, a sale of all or substantially all of the Company’s stock or assets, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company’s outstanding securities, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Shares subject to this Section 8 shall immediately be subject to the Right of First Refusal. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Shares subject to this Section 8.
(d) **Termination of Right of First Refusal.** Any other provision of this Section 8 notwithstanding, in the event that the Stock is readily tradable on an established securities market when the Optionee desires to transfer Shares, the Company shall have no Right of First Refusal, and the Optionee shall have no obligation to comply with the procedures prescribed by Subsections (a) and (b) above.

(e) **Permitted Transfers.** This Section 8 shall not apply to (i) a transfer by beneficiary designation, will or intestate succession or (ii) a transfer to one or more members of the Optionee’s Immediate Family or to a trust established by the Optionee for the benefit of the Optionee and/or one or more members of the Optionee’s Immediate Family, provided in either case that the Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement. If the Optionee transfers any Shares acquired under this Agreement, either under this Subsection (e) or after the Company has failed to exercise the Right of First Refusal, then this Agreement shall apply to the Transferee to the same extent as to the Optionee.

(f) **Termination of Rights as Stockholder.** If the Company makes available, at the time and place and in the amount and form provided in this Agreement, the consideration for the Shares to be purchased in accordance with this Section 8, then after such time the person from whom such Shares are to be purchased shall no longer have any rights as a holder of such Shares (other than the right to receive payment of such consideration in accordance with this Agreement). Such Shares shall be deemed to have been purchased in accordance with the applicable provisions hereof, whether or not the certificate(s) therefor have been delivered as required by this Agreement.

(g) **Assignment of Right of First Refusal.** The Board of Directors may freely assign the Company’s Right of First Refusal, in whole or in part. Any person who accepts an assignment of the Right of First Refusal from the Company shall assume all of the Company’s rights and obligations under this Section 8.

**SECTION 9. LEGALITY OF INITIAL ISSUANCE.**

No Shares shall be issued upon the exercise of this option unless and until the Company has determined that:

(a) It and the Optionee have taken any actions required to register the Shares under the Securities Act or to perfect an exemption from the registration requirements thereof;

(b) Any applicable listing requirement of any stock exchange or other securities market on which Stock is listed has been satisfied; and

(c) Any other applicable provision of federal, State or foreign law has been satisfied.
SECTION 10. NO REGISTRATION RIGHTS.

The Company may, but shall not be obligated to, register or qualify the sale of Shares under the Securities Act or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the sale of Shares under this Agreement to comply with any law.

SECTION 11. RESTRICTIONS ON TRANSFER OF SHARES.

(a) Securities Law Restrictions. Regardless of whether the offer and sale of Shares under the Plan have been registered under the Securities Act or have been registered or qualified under the securities laws of any State or other relevant jurisdiction, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on the stock certificates (or electronic equivalent) or the imposition of stop-transfer instructions) and may refuse (or may be required to refuse) to transfer Shares acquired hereunder (or Shares proposed to be transferred in a subsequent transfer) if, in the judgment of the Company, such restrictions, legends or refusal are necessary or appropriate to achieve compliance with the Securities Act or other relevant securities or other laws, including without limitation under Regulation S of the Securities Act or pursuant to another available exemption from registration.

(b) Market Stand-Off. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Company’s initial public offering, the Optionee or a Transferee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Agreement without the prior written consent of the Company or its managing underwriter. Such restriction (the “Market Stand-Off”) shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriter. In no event, however, shall such period exceed 180 days plus such additional period as may reasonably be requested by the Company or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions, including (without limitation) the restrictions set forth in Rule 2711(f)(4) of the National Association of Securities Dealers and Rule 472(f)(4) of the New York Stock Exchange, as amended, or any similar successor rules. The Market Stand-Off shall in any event terminate two years after the date of the Company’s initial public offering. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company’s outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company’s underwriters shall be beneficiaries of the agreement set forth in this Subsection (b). This Subsection (b) shall not apply to Shares registered in the public offering under the Securities Act.
(c) **Investment Intent at Grant.** The Optionee represents and agrees that the Shares to be acquired upon exercising this option will be acquired for investment, and not with a view to the sale or distribution thereof.

(d) **Investment Intent at Exercise.** In the event that the sale of Shares under the Plan is not registered under the Securities Act but an exemption is available that requires an investment representation or other representation, the Optionee shall represent and agree at the time of exercise that the Shares being acquired upon exercising this option are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations as are deemed necessary or appropriate by the Company and its counsel, including (if applicable because the Company is relying on Regulation S under the Securities Act) that as of the date of exercise the Optionee is (i) not a U.S. Person; (ii) not acquiring the Shares on behalf, or for the account or benefit, of a U.S. Person; and (iii) is not exercising the option in the United States.

(e) **Legends.** All certificates evidencing Shares purchased under this Agreement shall bear the following legend:

“The Shares represented hereby may not be sold, assigned, transferred, encumbered or in any manner disposed of, except in compliance with the terms of a written agreement between the Company and the registered holder of the Shares (or the predecessor in interest to the Shares). Such agreement grants to the Company certain rights of first refusal upon an attempted transfer of the Shares and certain repurchase rights upon termination of service with the Company. In addition, the Shares are subject to restrictions on transfer for a limited period following the effective date of the underwritten public offering of the Company’s securities and may not be sold or otherwise disposed of by the holder without the consent of the Company or the Managing Underwriter. The Secretary of the Company will upon written request furnish a copy of such agreement to the holder hereof without charge.”

All certificates evidencing Shares purchased under this Agreement in an unregistered transaction shall bear the following legend (and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law):

“The Shares represented hereby have not been registered under the Securities Act of 1933, as amended (the “Act”) or any securities laws of any U.S. state, and may not be sold, reoffered, pledged, assigned, encumbered or otherwise transferred or disposed without an effective registration thereof under such Act or an opinion of counsel, satisfactory to the Company and its counsel, without charge.”
THAT SUCH REGISTRATION IS NOT REQUIRED. IN THE ABSENCE OF REGISTRATION OR THE AVAILABILITY (CONFIRMED BY OPINION OF COUNSEL) OF AN ALTERNATIVE EXEMPTION FROM REGISTRATION UNDER THE ACT (INCLUDING WITHOUT LIMITATION IN ACCORDANCE WITH REGULATION S UNDER THE ACT), THESE SHARES MAY NOT BE SOLD, REOFFERED, PLEDGED, ASSIGNED, ENCUMBERED OR OTHERWISE TRANSFERRED OR DISPOSED OF. HEDGING TRANSACTIONS INVOLVING THESE SHARES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE ACT."

(f) Removal of Legends. If, in the opinion of the Company and its counsel, any legend placed on a stock certificate representing Shares sold under this Agreement is no longer required, the holder of such certificate shall be entitled to exchange such certificate for a certificate representing the same number of Shares but without such legend.

(g) Administration. Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 11 shall be conclusive and binding on the Optionee and all other persons.

SECTION 12. ADJUSTMENT OF SHARES.

In the event of any transaction described in Section 8(a) of the Plan, the terms of this option (including, without limitation, the number and kind of Shares subject to this option and the Exercise Price) shall be adjusted as set forth in Section 8(a) of the Plan. In the event that the Company is a party to a merger or consolidation or in the event of a sale of all or substantially all of the Company’s stock or assets, this option shall be subject to the treatment provided by the Board of Directors in its sole discretion, as provided in Section 8(b) of the Plan.

SECTION 13. MISCELLANEOUS PROVISIONS.

(a) Rights as a Stockholder. Neither the Optionee nor the Optionee’s representative shall have any rights as a stockholder with respect to any Shares subject to this option until the Optionee or the Optionee’s representative becomes entitled to receive such Shares by filing a notice of exercise and paying the Purchase Price pursuant to Sections 4 and 5.

(b) No Retention Rights. Nothing in this option or in the Plan shall confer upon the Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Optionee) or of the Optionee, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

(c) Notice. Any notice required by the terms of this Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid, (iii) deposit with Federal Express Corporation, with shipping charges prepaid or (iv) deposit with any internationally recognized express mail courier service. Notice shall be addressed to the Company at its principal executive office and to the Optionee at the address that he or she most recently provided to the Company in accordance with this Subsection (c).
(d) **Modifications and Waivers.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Optionee and by an authorized officer of the Company (other than the Optionee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(e) **Entire Agreement.** The Notice of Stock Option Grant, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(f) **Choice of Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State.

**SECTION 14. ACKNOWLEDGEMENTS OF THE OPTIONEE.**

In addition to the other terms, conditions and restrictions imposed on this option and the Shares issuable under this option pursuant to this Agreement and the Plan, the Optionee expressly acknowledges being subject to Sections 7 (Right of Repurchase), 8 (Right of First Refusal), 9 (Legality of Initial Issuance) and 11 (Restrictions on Transfer of Shares, including without limitation the Market Stand-Off), as well as the following provisions:

(a) **Tax Consequences.** The Optionee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes the Optionee’s tax liabilities. The Optionee shall not make any claim against the Company or its Board of Directors, officers or employees related to tax liabilities arising from this option or the Optionee’s other compensation. In particular, any Optionee subject to U.S. taxation acknowledges that this option is exempt from Section 409A of the Code only if the Exercise Price is at least equal to the Fair Market Value per Share on the Date of Grant. Since Shares are not traded on an established securities market, the determination of their Fair Market Value is made by the Board of Directors or by an independent valuation firm retained by the Company. The Optionee acknowledges that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and the Optionee shall not make any claim against the Company or its Board of Directors, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.

(b) **Electronic Delivery of Documents.** The Optionee agrees to accept by email all documents relating to the Company, the Plan or this option and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the Securities and Exchange Commission). The Optionee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the
(c) **No Notice of Expiration Date.** The Optionee agrees that the Company and its officers, employees, attorneys and agents do not have any obligation to notify him or her prior to the expiration of this option pursuant to Section 6, regardless of whether this option will expire at the end of its full term or on an earlier date related to the termination of the Optionee’s Service. The Optionee further agrees that he or she has the sole responsibility for monitoring the expiration of this option and for exercising this option, if at all, before it expires. This Subsection (c) shall supersede any contrary representation that may have been made, orally or in writing, by the Company or by an officer, employee, attorney or agent of the Company.

(d) **Waiver of Statutory Information Rights.** The Optionee acknowledges and agrees that, upon exercise of this option and until the first sale of the Company’s Stock to the general public pursuant to a registration statement filed under the Securities Act, he or she will be deemed to have waived any rights the Optionee might otherwise have had under Section 220 of the Delaware General Corporation Law (or under similar rights under other applicable law) to inspect for any proper purpose and to make copies and extracts from the Company’s stock ledger, a list of its stockholders and its other books and records or the books and records of any subsidiary. This waiver applies only in the Optionee’s capacity as a stockholder and does not affect any other inspection rights the Optionee may have under other law or pursuant to a written agreement with the Company.

(e) **Plan Discretionary.** The Optionee understands and acknowledges that (i) the Plan is entirely discretionary, (ii) the Company and the Optionee’s employer have reserved the right to amend, suspend or terminate the Plan at any time, (iii) the grant of an option does not in any way create any contractual or other right to receive additional grants of options (or benefits in lieu of options) at any time or in any amount and (iv) all determinations with respect to any additional grants, including (without limitation) the times when options will be granted, the number of Shares offered, the Exercise Price and the vesting schedule, will be at the sole discretion of the Company.

(f) **Termination of Service.** The Optionee understands and acknowledges that participation in the Plan ceases upon termination of his or her Service for any reason, except as may explicitly be provided otherwise in the Plan or this Agreement.

(g) **Extraordinary Compensation.** The value of this option shall be an extraordinary item of compensation outside the scope of the Optionee’s employment contract, if any, and shall not be considered a part of his or her normal or expected compensation for purposes of calculating severance, resignation, redundancy or end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.
(h) **Authorization to Disclose.** The Optionee hereby authorizes and directs the Optionee’s employer to disclose to the Company or any Subsidiary any information regarding the Optionee’s employment, the nature and amount of the Optionee’s compensation and the fact and conditions of the Optionee’s participation in the Plan, as the Optionee’s employer deems necessary or appropriate to facilitate the administration of the Plan.

(i) **Personal Data Authorization.** The Optionee consents to the collection, use and transfer of personal data as described in this Subsection (i). The Optionee understands and acknowledges that the Company, the Optionee’s employer and the Company’s other Subsidiaries hold certain personal information regarding the Optionee for the purpose of managing and administering the Plan, including (without limitation) the Optionee’s name, home address, telephone number, date of birth, social insurance number, salary, nationality, job title, any Shares or directorships held in the Company and details of all options or any other entitlements to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Optionee’s favor (the “Data”). The Optionee further understands and acknowledges that the Company and/or its Subsidiaries will transfer Data among themselves as necessary for the purpose of implementation, administration and management of the Optionee’s participation in the Plan and that the Company and/or any Subsidiary may each further transfer Data to any third party assisting the Company in the implementation, administration and management of the Plan. The Optionee understands and acknowledges that the recipients of Data may be located in the United States or elsewhere. The Optionee authorizes such recipients to receive, possess, use, retain and transfer Data, in electronic or other form, for the purpose of administering the Optionee’s participation in the Plan, including a transfer to any broker or other third party with whom the Optionee elects to deposit Shares acquired under the Plan of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Optionee’s behalf. The Optionee may, at any time, view the Data, require any necessary modifications of Data or withdraw the consents set forth in this Subsection (i) by contacting the Company in writing.

**SECTION 15. DEFINITIONS.**

(a) “**Agreement**” shall mean this Stock Option Agreement.

(b) “**Board of Directors**” shall mean the Board of Directors of the Company, as constituted from time to time or, if a Committee has been appointed, such Committee.

(c) “**Company**” shall mean RAPT Therapeutics, Inc., a Delaware corporation.

(d) “**Immediate Family**” shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and shall include adoptive relationships.

(e) “**Optionee**” shall mean the person named in the Notice of Stock Option Grant.

(f) “**Plan**” shall mean the RAPT Therapeutics, Inc. 2015 Stock Plan, as in effect on the Date of Grant.
(g) “Purchase Price” shall mean the Exercise Price multiplied by the number of Shares with respect to which this option is being exercised.

(h) “Repurchase Period” shall mean a period of 90 consecutive days commencing on the date when the Optionee’s Service terminates for any reason, including (without limitation) death or disability.

(i) “Restricted Share” shall mean a Share that is subject to the Right of Repurchase.

(j) “Right of First Refusal” shall mean the Company’s right of first refusal described in Section 8.

(k) “Right of Repurchase” shall mean the Company’s right of repurchase described in Section 7.

(l) “Service” means service as an Employee, Outside Director or Consultant.

(m) “Transferee” shall mean any person to whom the Optionee has directly or indirectly transferred any Share acquired under this Agreement.

(n) “Transfer Notice” shall mean the notice of a proposed transfer of Shares described in Section 8.

(o) “U.S. Person” shall mean a person described in Rule 902(k) of Regulation S of the Securities Act (or any successor rule or provision), which generally defines a U.S. person as any natural person resident in the United States, any estate of which any executor or administrator is a U.S. Person, or any trust of which of any trustee is a U.S. Person.
<table>
<thead>
<tr>
<th><strong>OPTIONEE INFORMATION:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Address:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Social Security Number:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Employee Number:</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>OPTION INFORMATION:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of Grant:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Exercise Price per Share:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Type of Stock Option:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total number of shares of Common Stock of RAPT Therapeutics, Inc. (the “Company”) covered by the option:</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXERCISE INFORMATION:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of shares of Common Stock of the Company for which the option is being exercised now:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Exercise Price for the Purchased Shares:</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Form of payment enclosed [check all that apply]:**

- ☐ Check for $__________, payable to “RAPT Therapeutics, Inc.”
- ☐ Certificate(s) for _____________ shares of Common Stock of the Company. These shares will be valued as of the date this notice is received by the Company. [Requires Company consent.]
- ☐ Attestation Form covering _____________ shares of Common Stock of the Company. These shares will be valued as of the date this notice is received by the Company. [Requires Company consent.]

**Name(s) in which the Purchased Shares should be registered [please review the attached explanation of the available forms of ownership, and then check one box]:**

- ☐ In my name only
- ☐ In the names of my spouse and myself as community property
- ☐ In the names of my spouse and myself as community property with the right of survivorship

My spouse’s name (if applicable): ________________________________
In the names of my spouse and myself as joint tenants with the right
of survivorship

☐ In the name of an eligible revocable trust [requires Stock Transfer Agreement]

Full legal name of revocable trust:

________________________________________
________________________________________
________________________________________

The certificate for the Purchased Shares should be sent to the following address:

________________________________________
________________________________________
________________________________________

REPRESENTATIONS AND ACKNOWLEDGEMENTS OF THE OPTIONEE:

1. I represent and warrant to the Company that I am acquiring and will hold the Purchased Shares for investment for my account only, and not with a view to, or for resale in connection with, any “distribution” of the Purchased Shares within the meaning of the Securities Act of 1933, as amended (the “Securities Act”).

2. I understand that my purchase of the Purchased Shares has not been registered under the Securities Act by reason of a specific exemption therefrom and that the Purchased Shares must be held indefinitely, unless they are subsequently registered under the Securities Act or I obtain an opinion of counsel (in form and substance satisfactory to the Company and its counsel) that registration is not required.

3. I acknowledge that the Company is under no obligation to register the Purchased Shares or any sale or transfer thereof.

4. I am aware of Rule 144 under the Securities Act, which permits limited public resales of securities acquired in a non-public offering, subject to the satisfaction of certain conditions. These conditions may include (without limitation) that certain current public information about the issuer be available, that the resale occur only after a holding period required by Rule 144 has been satisfied, that the sale occur through an unsolicited “broker’s transaction” and that the amount of securities being sold during any three-month period not exceed specified limitations. I understand that the conditions for resale set forth in Rule 144 have not been satisfied as of the date set forth below and that the Company is not required to take action to satisfy any conditions applicable to it.

5. I will not sell, transfer or otherwise dispose of the Purchased Shares in violation of the Securities Act, the Securities Exchange Act of 1934, or the rules promulgated thereunder, including Rule 144 under the Securities Act.

6. I acknowledge that I have received and had access to such information as I consider necessary or appropriate for deciding whether to invest in the Purchased Shares and that I had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the issuance of the Purchased Shares.

7. I am aware that my investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. I am able, without impairing my financial condition, to hold the Purchased Shares for an indefinite period and to suffer a complete loss of my investment in the Purchased Shares.
8. I acknowledge that the Purchased Shares remain subject to the Company’s right of first refusal and the market stand-off (sometimes referred to as the “lock-up”) and may remain subject to the Company’s right of repurchase, all in accordance with the applicable Notice of Stock Option Grant and Stock Option Agreement.

9. I acknowledge that I am acquiring the Purchased Shares subject to all other terms of the Notice of Stock Option Grant and Stock Option Agreement.

10. I acknowledge that I have received a copy of the Company’s explanation of the forms of ownership available for my Purchased Shares. I acknowledge that the Company has encouraged me to consult my own adviser to determine the form of ownership that is appropriate for me. In the event that I choose to transfer my Purchased Shares to a trust, I agree to sign a Stock Transfer Agreement. In the event that I choose to transfer my Purchased Shares to a trust that does not satisfy the requirements described in the attached explanation (i.e., a trust that is not an eligible revocable trust), I also acknowledge that the transfer will be treated as a “disposition” for tax purposes. As a result, the favorable ISO tax treatment will be unavailable and other unfavorable tax consequences may occur.

11. I acknowledge that I have received a copy of the Company’s explanation of the federal income tax consequences of an option exercise and the tax election under section 83(b) of the Internal Revenue Code. In the event that I choose to make a section 83(b) election, I acknowledge that it is my responsibility—and not the Company’s responsibility—to file the election in a timely manner, even if I ask the Company or its agents to make the filing on my behalf. I acknowledge that the Company has encouraged me to consult my own adviser to determine the tax consequences of acquiring the Purchased Shares at this time.

12. I agree that the Company does not have a duty to design or administer the 2015 Stock Plan or its other compensation programs in a manner that minimizes my tax liabilities. I will not make any claim against the Company or its Board of Directors, officers or employees related to tax liabilities arising from my options or my other compensation. In particular, I acknowledge that my options are exempt from section 409A of the Internal Revenue Code only if the exercise price per share is at least equal to the fair market value per share of the Company’s Common Stock at the time the option was granted by the Company’s Board of Directors. Since shares of the Company’s Common Stock are not traded on an established securities market, the determination of their fair market value was made by the Company’s Board of Directors or by an independent valuation firm retained by the Company. I acknowledge that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and I will not make any claim against the Company or its Board of Directors, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.

13. I agree to seek the consent of my spouse to the extent required by the Company to enforce the foregoing.
SECTION 83(b) ELECTION

The undersigned taxpayer hereby elects, pursuant to Sections 55 and 83(b) of the Internal Revenue Code of 1986, as amended, and pursuant to Treasury Regulations Section 1.83-2, to include in gross income as compensation for services the excess (if any) of the fair market value of the shares described below over an amount paid for those shares.

A. The taxpayer who performed the services is:
   Name: ___________________________
   Address: __________________________
   Social Security No.: __________________________

B. The property with respect to which the election is made is ______ shares of the common stock of RAPT Therapeutics, Inc.

C. The property was transferred to the taxpayer on ____________ ____, ______.

D. The taxable year for which the election is made is the calendar year ______.

E. The property is subject to a repurchase right pursuant to which the issuer has the right to acquire the property if for any reason taxpayer’s service with the issuer terminates. The issuer’s repurchase right lapses in a series of installments over a ______-year period ending on ____________ ____, ______.

F. The fair market value of such property at the time of transfer (determined without regard to any restriction other than a restriction that by its terms will never lapse) is $_____ per share x _____ shares = $_________.

G. For the property transferred, the taxpayer paid $_____ per share x _____ shares = $_____.

H. The amount to include in gross income is $_________. [*The amount in Item F less the amount in Item G*]

I. This statement is executed on ____________ ____, ______.

______________________________  ______________________________
Signature of Spouse (if any)       Signature of Taxpayer

Within 30 days after the date of transfer of the property, this election must be filed with the Internal Revenue Service office where the taxpayer files his or her annual federal income tax return. The filing should be made by registered or certified mail, return receipt requested. The taxpayer must (a) include a copy of the completed form with his or her federal income tax return for the taxable year in which the property is transferred and (b) deliver an additional copy to the Company.
## SUMMARY OF BASIC LEASE INFORMATION

**TERMS OF LEASE**

<table>
<thead>
<tr>
<th>Description</th>
<th>1. Date:</th>
<th>October 10, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Premises (Article 1)</td>
<td>2.1 Building:</td>
<td>That certain building containing approximately 30,376 rentable square feet of space (&quot;RSF&quot;) located at: 561 Eccles Avenue, South San Francisco, California 94080</td>
</tr>
<tr>
<td>2.2 Premises:</td>
<td></td>
<td>The entire Building, as further set forth in Exhibit A to the Lease.</td>
</tr>
<tr>
<td>3. Lease Term (Article 2)</td>
<td>3.1 Length of Term:</td>
<td>Eighty-Four (84) months.</td>
</tr>
<tr>
<td>3.2 Lease Commencement Date:</td>
<td></td>
<td>The later of (i) June 1, 2015, and (ii) the date the Premises are “Ready for Occupancy” as defined in the Tenant Work Letter attached hereto as Exhibit B.</td>
</tr>
<tr>
<td>3.3 Lease Expiration Date:</td>
<td></td>
<td>The day immediately preceding the eighty-fourth (84th) monthly anniversary of the Lease Commencement Date.</td>
</tr>
<tr>
<td>4. Base Rent (Article 3):</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lease Months</th>
<th>Annual Base Rent</th>
<th>Monthly Installment of Base Rent</th>
<th>Monthly Base Rent per RSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 12*</td>
<td>$975,000.00</td>
<td>$81,250.00</td>
<td>$3.25</td>
</tr>
<tr>
<td>13 – 24</td>
<td>$1,221,115.20</td>
<td>$101,759.60</td>
<td>$3.35</td>
</tr>
<tr>
<td>25 – 36</td>
<td>$1,257,748.66</td>
<td>$104,812.39</td>
<td>$3.45</td>
</tr>
<tr>
<td>37 – 48</td>
<td>$1,295,481.12</td>
<td>$107,956.76</td>
<td>$3.55</td>
</tr>
<tr>
<td>49 – 60</td>
<td>$1,334,345.55</td>
<td>$111,195.46</td>
<td>$3.66</td>
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<tr>
<td>61 – 72</td>
<td>$1,374,375.92</td>
<td>$114,531.33</td>
<td>$3.77</td>
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<tr>
<td>73 – 84</td>
<td>$1,415,607.19</td>
<td>$117,967.27</td>
<td>$3.88</td>
</tr>
</tbody>
</table>

*Note that for the first twelve (12) months of the Lease Term, Tenant’s Base Rent obligation has been calculated as if the Premises contained only 25,000 rentable square feet of space. Such calculation shall not affect Tenant’s right to use the entire Premises, or Tenant’s obligations under this Lease with respect to the entire Premises, including without limitation Tenant’s obligation to pay Tenant’s Share of Direct Expenses with respect to the Premises which shall be as provided in Section 6 of this Summary, all in accordance with the terms and conditions of this Lease.*
In addition, Tenant shall have no obligation to pay any Base Rent or Tenant’s Share of Direct Expenses attributable to the first three (3) months of the Lease Term.

5. **Tenant Improvements (Exhibit B):** Improvements to be constructed on a turn-key basis pursuant to the Work Letter attached hereto as Exhibit B. In addition, Tenant is entitled to an “Alterations Allowance” (as identified in Section 8.6 of the Lease) of up to $500,000.00, subject to the terms set forth in Section 8.6 of the Lease.

6. **Tenant’s Share (Article 4):** One hundred percent (100%).

7. **Permitted Use (Article 5):** The Premises shall be used only for general office, research and development, engineering, laboratory, assembly, storage and/or warehouse uses, including, but not limited to, administrative offices and other lawful uses reasonably related to or incidental to such specified uses, all (i) consistent with first class life sciences projects in South San Francisco, California (“First Class Life Sciences Projects”), and (ii) in compliance with, and subject to, applicable laws and the terms of this Lease.

8. **Amount of Security Deposit or Letter of Credit (Article 21):** $235,934.54.

9. **Parking (Article 28):** 2.8 unreserved parking spaces for every 1,000 RSF of the Premises, subject to the terms of Article 28 of the Lease.

10. **Address of Tenant (Section 29.18):**
- 75 Shoreway Road, Suite D
- San Carlos, CA 94070 Attention: Chief Financial Officer (Prior to Lease Commencement Date)
- 561 Eccles Avenue
- South San Francisco, California 94080
- Attention: Chief Financial Officer
- (After Lease Commencement Date)

HCP, INC.
[Eccles Business Park]

-2-
[Flexus Biosciences, Inc.]
11. Address of Landlord
   (Section 29.18):
   See Section 29.18 of the Lease.

12. Broker(s)
    (Section 29.24):
    Kidder Mathews
    and
    CB Richard Ellis

HCP, INC.
[Eccles Business Park]
[Flexus Biosciences, Inc.]
1. PREMISES, BUILDING, PROJECT, AND COMMON AREAS

1.1 Premises, Building, Project and Common Areas.

1.1.1 The Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.2 of the Summary (the “Premises”). The outline of the Premises is set forth in Exhibit A attached hereto. The outline of the “Building” and the “Project,” as those terms are defined in Section 1.1.2 below, are further depicted on the Site Plan attached hereto as Exhibit A. The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions herein set forth, and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed. The parties hereto hereby acknowledge that the purpose of Exhibit A is to show the approximate location of the Premises only, and such Exhibit is not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the precise area thereof or the specific location of the “Common Areas,” as that term is defined in Section 1.1.3, below, or the elements thereof or of the accessways to the Premises or the “Project,” as that term is defined in Section 1.1.2, below, and that the square footage of the Premises shall be as set forth in Section 2.1 of the Summary of Basic Lease Information. Except as specifically set forth in this Lease and in the Tenant Work Letter attached hereto as Exhibit B (the “Tenant Work Letter”), Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises. Tenant also acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant’s business, except as specifically set forth in this Lease and the Tenant Work Letter. For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Building and Premises have not undergone inspection by a Certified Access Specialist (CASp). Landlord shall deliver the Premises to Tenant in good, vacant, broom clean condition, in compliance with all laws, with the roof water-tight and shall cause the plumbing, electrical systems, fire sprinkler system, lighting, and all other building systems serving the Premises in good operating condition and repair on or before the Lease Commencement Date, or such earlier date as Landlord and Tenant mutually agree. Landlord will be responsible for making modifications to the interior and exterior of the Building, the existing Building entrances, and all exterior Common Areas (including required striping and handicapped spaces in the parking areas) as required to cause such areas to be in compliance with ADA and parking requirements to the extent required to allow the legal occupancy of the Premises or completion of the Landlord’s TI Work.

1.1.2 The Building and The Project. The Premises constitutes the entire building set forth in Section 2.1 of the Summary (the “Building”). The Building is part of an office/laboratory project currently known as “Eccles Business Park.” The term “Project,” as used in this Lease, shall mean (i) the Building and the Common Areas, (ii) the land (which is improved with landscaping, parking facilities and other improvements) upon which the Building and the Common Areas are located, (iii) the other office/laboratory buildings located at Eccles Business Park, and the land upon which such adjacent office/laboratory buildings are located, and (iv) at Landlord’s discretion, any additional real property, areas, land, buildings or other improvements added thereto outside of the Project (provided that any such additions do not increase Tenant’s obligations under this Lease).

1.1.3 Common Areas. Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project (such areas, together with such other portions of the Project designated by Landlord, in its discretion, are collectively referred to herein as the “Common Areas”). Landlord shall maintain and operate the Common Areas, including all sprinkler and other systems serving the Common Areas, in a first class manner, and the use thereof shall be subject to such rules, regulations and restrictions as Landlord may reasonably make from time to time. Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas, provided that in connection therewith Landlord will use commercially reasonable efforts to minimize any interference with Tenant’s use of and access to the Premises and parking areas.

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1.2 **Rentable Square Feet of Premises.** The rentable square footage of the Premises is hereby deemed to be as set forth in Section 2.2 of the Summary, and shall not be subject to measurement or adjustment during the Lease Term.

1.3 **Future Lease.** If during the Lease Term, Landlord and Tenant agree on the terms of a new lease of not less than 50,000 RSF in another building owned by Landlord, which terms and agreement shall be made or not made in the sole and absolute discretion of Landlord and Tenant, then, as part of such new lease, the parties will agree to terminate this Lease, with no termination fee and no restoration costs to Tenant, effective as of the commencement date of such new lease.

2. **LEASE TERM; OPTION TERM**

2.1 **Lease Term.** The terms and provisions of this Lease shall be effective as of the date of this Lease. The term of this Lease (the "**Lease Term**") shall be as set forth in Section 3.1 of the Summary, shall commence on the date set forth in Section 3.2 of the Summary (the "**Lease Commencement Date**"), and shall terminate on the date set forth in Section 3.3 of the Summary (the "**Lease Expiration Date**") unless this Lease is sooner terminated as hereinafter provided. For purposes of this Lease, the term "**Lease Year**" shall mean each consecutive twelve (12) month period during the Lease Term. At any time during the Lease Term, Landlord may deliver to Tenant a notice in the form as set forth in Exhibit C, attached hereto, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within five (5) days of receipt thereof. Notwithstanding the foregoing, if Landlord has not delivered possession of the Premises in the condition required by Section 1.1.1, above, (1) on or before July 1, 2015, then, as Tenant’s sole remedy for such delay, the date Tenant is otherwise obligated to commence payment of rent shall be delayed by one day for each two (2) days that the delivery date is delayed beyond such date, (2) on or before August 1, 2015, then, as Tenant’s sole remedy for such delay (in addition to the delay in subpart (1)), the date Tenant is otherwise obligated to commence payment of rent shall be delayed by one additional day for each day that the delivery date is delayed beyond such date, or (3) October 1, 2015, then, Tenant shall also have the right to terminate this Lease by written notice thereof to Landlord, whereupon any monies previously paid by Tenant to Landlord shall be reimbursed to Tenant. The foregoing dates shall be extended to the extent of any delays in delivery of possession caused by Tenant Delay, as provided in Section 1.1(j) of the Tenant Work Letter, war, terrorism, acts of God, natural disaster, civil unrest, governmental strike or area-wide or industrywide labor disputes, inability to obtain services, labor, or materials or reasonable substitutes therefor, or delays due to utility companies that are not the result of any action or inaction of Landlord.

2.2 **Option Terms.**

2.2.1 **Option Right.** Landlord hereby grants to the originally named Tenant herein ("**Original Tenant**"), and its "**Permitted Assignees**", as that term is defined in Section 14.8, below, one (1) option to extend the Lease Term for a period of five (5) years (the "**Option Term**"), which option shall be irrevocably exercised only by written notice delivered by Tenant to Landlord not more than twelve (12) months nor less than nine (9) months prior to the expiration of the initial Lease Term, provided that the following conditions (the "**Option Conditions**") are satisfied: (i) as of the date of delivery of such notice, Tenant is not in default under this Lease, after the expiration of any applicable notice and cure period; (ii) Tenant has not previously been in default under this Lease, after the expiration of any applicable notice and cure period, more than twice in the twelve (12) month period prior to the date of Tenant’s attempted exercise; and (iii) the Lease then remains in full force and effect. Landlord may, at Landlord’s option, exercised in Landlord’s sole and absolute discretion, waive any of the Option Conditions in which case the option, if otherwise properly exercised by Tenant, shall remain in full force and effect. Upon the proper exercise of such option to extend, and provided that Tenant satisfies all of the Option Conditions (except those, if any, which are waived by Landlord), the Lease Term, as it applies to the Premises, shall be extended for a period of five (5) years. The rights contained in this Section 2.2 shall be personal to Original Tenant and any Permitted Assignees, and may be exercised by Original Tenant or such Permitted Assignees (and not by any assignee, sublessee or other “Transferee,” as that term is defined in Section 14.1 of this Lease, of Tenant’s interest in this Lease).

2.2.2 **Option Rent.** The annual Rent payable by Tenant during the Option Term (the “**Option Rent**”) shall be equal to the “Fair Rental Value,” as that term is defined below, for the Premises as of the

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commencement date of the Option Term. The "Fair Rental Value," as used in this Lease, shall be equal to the annual rent per rentable square foot (including additional rent and considering any "base year" or "expense stop" applicable thereto), including all escalations, at which tenants (pursuant to leases consummated within the twelve (12) month period preceding the first day of the Option Term), are leasing non-sublease, non-encumbered, nonequity space which is not significantly greater or smaller in size than the subject space, with a comparable level of improvements (excluding any property that Tenant would be allowed to remove from the Premises at the termination of the Lease), for a comparable lease term, in an arm's length transaction, which comparable space is located in the “Comparable Buildings,” as that term is defined in this Section 2.2.2, below (transactions satisfying the foregoing criteria shall be known as the “Comparable Transactions”), taking into consideration the following concessions (the “Concessions”): (a) rental abatement concessions, if any, being granted such tenants in connection with such comparable space; (b) tenant improvements or allowances provided or to be provided for such comparable space, and taking into account the value, if any, of the existing improvements in the subject space, such value to be based upon the age, condition, design, quality of finishes and layout of the improvements and the extent to which the same can be utilized by a general office/lab user other than Tenant; and (c) other reasonable monetary concessions being granted such tenants in connection with such comparable space; provided, however, that in calculating the Fair Rental Value, no consideration shall be given to the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with Tenant’s exercise of its right to extend the Lease Term, or the fact that landlords are or are not paying real estate brokerage commissions in connection with such comparable space. The Concessions shall be reflected in the effective rental rate (which effective rental rate shall take into consideration the total dollar value of such Concessions as amortized on a straight-line basis over the applicable term of the Comparable Transaction (in which case such Concessions evidenced in the effective rental rate shall not be granted to Tenant)) payable by Tenant. The term “Comparable Buildings” shall mean the Building and those other life sciences buildings which are comparable to the Building in terms of age (based upon the date of completion of construction or major renovation of to the building), quality of construction, level of services and amenities, size and appearance, and are located in South San Francisco, California and the surrounding commercial area.

2.2.3 Determination of Option Rent. In the event Tenant timely and appropriately exercises an option to extend the Lease Term, Landlord shall notify Tenant of Landlord’s determination of the Option Rent within thirty (30) days thereafter. If Tenant, on or before the date which is ten (10) days following the date upon which Tenant receives Landlord’s determination of the Option Rent, in good faith objects to Landlord’s determination of the Option Rent, then Landlord and Tenant shall attempt to agree upon the Option Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement within ten (10) days following Tenant’s objection to the Option Rent (the “Outside Agreement Date”), then Tenant shall have the right to withdraw its exercise of the option by delivering written notice thereof to Landlord within five (5) days thereafter, in which event Tenant’s right to extend the Lease pursuant to this Section 2.2 shall be of no further force or effect. If Tenant does not withdraw its exercise of the extension option, each party shall make a separate determination of the Option Rent, as the case may be, within ten (10) days after the Outside Agreement Date, and such determinations shall be submitted to arbitration in accordance with Sections 2.2.3.1 through 2.2.3.7, below. If Tenant fails to object to Landlord’s determination of the Option Rent within the time period set forth herein, then Tenant shall be deemed to have objected to Landlord’s determination of Option Rent.

2.2.3.1 Landlord and Tenant shall each appoint one arbitrator who shall be a real estate appraiser who shall have been active over the five (5) year period ending on the date of such appointment in the appraisal of other class A life sciences buildings located in the South San Francisco market area. The determination of the arbitrators shall be limited solely to the issue of whether Landlord’s or Tenant’s submitted Option Rent is the closest to the actual Option Rent, taking into account the requirements of Section 2.2.2 of this Lease, as determined by the arbitrators. Each such arbitrator shall be appointed within fifteen (15) days after the Outside Agreement Date. Landlord and Tenant may consult with their selected arbitrators prior to appointment and may select an arbitrator who is favorable to their respective positions. The arbitrators so selected by Landlord and Tenant shall be deemed “Advocate Arbitrators.”

2.2.3.2 The two (2) Advocate Arbitrators so appointed shall be specifically required pursuant to an engagement letter within ten (10) days of the date of the appointment of the last appointed Advocate Arbitrator to agree upon and appoint a third arbitrator ("Neutral Arbitrator") who shall be qualified under the same criteria set forth hereinabove for qualification of the two Advocate Arbitrators, except that neither the Landlord or
Tenant or either parties’ Advocate Arbitrator may, directly or indirectly, consult with the Neutral Arbitrator prior or subsequent to his or her appearance. The Neutral Arbitrator shall be retained via an engagement letter jointly prepared by Landlord’s counsel and Tenant’s counsel.

2.2.3.3 The three arbitrators shall, within thirty (30) days of the appointment of the Neutral Arbitrator, reach a decision as to whether the parties shall use Landlord’s or Tenant’s submitted Option Rent, and shall notify Landlord and Tenant thereof.

2.2.3.4 The decision of the majority of the three arbitrators shall be binding upon Landlord and Tenant.

2.2.3.5 If either Landlord or Tenant fails to appoint an Advocate Arbitrator within fifteen (15) days after the Outside Agreement Date, then either party may petition the presiding judge of the Superior Court of San Mateo County to appoint such Advocate Arbitrator subject to the criteria in Section 2.2.3.1 of this Lease, or if he or she refuses to act, either party may petition any judge having jurisdiction over the parties to appoint such Advocate Arbitrator.

2.2.3.6 If the two (2) Advocate Arbitrators fail to agree upon and appoint the Neutral Arbitrator, then either party may petition the presiding judge of the Superior Court of San Mateo County to appoint the Neutral Arbitrator, subject to criteria in Section 2.2.3.1 of this Lease, or if he or she refuses to act, either party may petition any judge having jurisdiction over the parties to appoint such arbitrator.

2.2.3.7 The cost of the arbitration shall be paid by Landlord and Tenant equally.

2.2.3.8 In the event that the Option Rent shall not have been determined pursuant to the terms hereof prior to the commencement of the Option Term, Tenant shall be required to pay the Option Rent initially provided by Landlord to Tenant, and upon the final determination of the Option Rent, the payments made by Tenant shall be reconciled with the actual amounts of Option Rent due, and the appropriate party shall make any corresponding payment to the other party.

3. BASE RENT. Tenant shall pay, without prior notice or demand, to Landlord at the address set forth in Section 4 of the Summary, or, at Landlord’s option, at such other place as Landlord may from time to time designate in writing, by a check for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, Base Rent (“Base Rent”) as set forth in Section 4 of the summary, payable in equal monthly installments as set forth in Section 4 of the summary in advance on or before the first day of each and every calendar month during the lease term, without any setoff or deduction whatsoever. The Base Rent for the first full month of the Lease Term which occurs after the expiration of any free rent period shall be paid at the time of Tenant’s execution of this Lease. If any Rent payment date (including the Lease Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to 1/365 of the applicable annual Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

4. ADDITIONAL RENT

4.1 General Terms.

4.1.1 Direct Expenses; Additional Rent. In addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall pay “Tenant’s Share” of the annual “Direct Expenses,” as those terms are defined in Sections 4.2.6 and 4.2.2 of this Lease, respectively, allocable to the Building as described in Section 4.3. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease, are hereinafter collectively referred to as the “Additional Rent”, and the Base Rent and the Additional Rent are herein collectively referred to as “Rent.” All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 4 shall survive the expiration of the Lease Term.
4.1.2 **Triple Net Lease**. Landlord and Tenant acknowledge that, to the extent provided in this Lease, it is their intent and agreement that this Lease be a “TRIPLE NET” lease and that as such, the provisions contained in this Lease are intended to pass on to Tenant or reimburse Landlord for the costs and expenses reasonably associated with this Lease, the Building and the Project, and Tenant’s operation therefrom to the extent provided in this Lease. To the extent such costs and expenses payable by Tenant cannot be charged directly to, and paid by, Tenant, such costs and expenses shall be paid by Landlord but reimbursed by Tenant as Additional Rent.

4.2 **Definitions of Key Terms Relating to Additional Rent**. As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 Intentionally Deleted.

4.2.2 “**Direct Expenses**” shall mean “**Operating Expenses**” and “**Tax Expenses**.”

4.2.3 “**Expense Year**” shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant’s Share of Direct Expenses shall be equitably adjusted for any Expense Year involved in any such change.

4.2.4 “**Operating Expenses**” shall mean all expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement, restoration or operation of the Project, or any portion thereof. Without limiting the generality of the foregoing, Operating Expenses shall specifically include any and all of the following: (i) the cost of supplying all utilities, the cost of operating, repairing and maintaining the utility, telephone, mechanical, sanitary, storm drainage, and elevator systems, and the cost of maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting any governmental enactments which are reasonably likely to increase Operating Expenses during the Lease Term, and the costs incurred in connection with a governmentally mandated transportation system management program or similar program; (iii) the cost of all insurance carried by Landlord in connection with the Project and Premises as reasonably determined by Landlord; (iv) the cost of landscaping, relamping, and all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project, or any portion thereof; (v) the cost of parking area operation, repair, restoration, and maintenance; (vi) management and/or incentive fees, consulting fees, legal fees and accounting fees, of all contractors and consultants in connection with the management, operation, maintenance and repair of the Project; (vii) payments under any equipment rental agreements; (viii) subject to item (f), below, wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons engaged in the operation, maintenance and security of the Project; (ix) costs under any easement pertaining to the sharing of costs by the Project; (x) operation, repair, maintenance and replacement of all systems and equipment and components thereof of the Project; (xi) the cost of janitorial, alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and fixtures in Common Areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (xii) amortization (including interest on the unamortized cost) of capital improvements or other costs incurred in connection with the Project (A) which are intended to effect economies in the operation or maintenance of the Project, or any portion thereof, or to reduce current or future Operating Expenses or to enhance the safety or security of the Project or its occupants, (B) which are required to comply with present or anticipated conservation programs, (C) which are replacements or modifications of nonstructural items located in the Common Areas required to keep the Common Areas in good order or condition, or (D) which are required under any governmental law or regulation; provided, however, that any capital expenditure shall be amortized (including reasonable interest on the amortized cost) over the reasonable useful life of such capital item; and (xiv) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash,

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removal, community services, or other services which do not constitute “Tax Expenses” as that term is defined in Section 4.2.5, below, and (xv) payments under any easement, license, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Building, including, without limitation, any covenants, conditions and restrictions affecting the property, and reciprocal easement agreements affecting the property, any parking licenses, and any agreements with transit agencies affecting the Property (collectively, “Underlying Documents”). Notwithstanding the foregoing, for purposes of this Lease, Operating Expenses shall not, however, include:

(a) costs, including legal fees, space planners’ fees, advertising and promotional expenses (except as otherwise set forth above), and brokerage fees incurred in connection with the original construction or development, or original or future leasing of the Project, and costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for new tenants initially occupying space in the Project after the Lease Commencement Date or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Project (excluding, however, such costs relating to any common areas of the Project or parking facilities);

(b) except as set forth in items (xii), (xiii), and (xiv) above, depreciation, interest and principal payments on mortgages and other debt costs, if any, penalties and interest;

(c) costs for which the Landlord is reimbursed by any tenant or occupant of the Project or by insurance by its carrier or any tenant’s carrier or by anyone else, electric power costs for which any tenant directly contracts with the local public service company and costs of utilities and services provided to other tenants that are not provided to Tenant;

(d) any bad debt loss, rent loss, or reserves for bad debts or rent loss or other reserves to the extent not used in the same year;

(e) costs associated with the operation of the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Project (which shall specifically include, but not be limited to, accounting costs associated with the operation of the Project). Costs associated with the operation of the business of the partnership or entity which constitutes the Landlord include costs of partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of the Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord’s interest in the Project, and costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Project management, or between Landlord and other tenants or occupants;

(f) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-a-vis time spent on matters unrelated to operating and managing the Project; provided, that in no event shall Operating Expenses for purposes of this Lease include wages and/or benefits attributable to personnel above the level of Project manager;

(g) amount paid as ground rental for the Project by the Landlord;

(h) except for a property management fee not to exceed three percent (3%) of gross revenues, overhead and profit increment paid to the Landlord, and any amounts paid to the Landlord or to subsidiaries or affiliates of the Landlord for services in the Project to the extent the same exceeds the costs of such services rendered by qualified, first-class unaffiliated third parties on a competitive basis;

(i) any compensation paid to clerks, attendants or other persons in commercial concessions operated by the Landlord;

(j) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment which if purchased the cost of which would be excluded from Operating
Expenses as a capital cost, except equipment not affixed to the Project which is used in providing engineering, janitorial or similar services and, further excepting from this exclusion such equipment rented or leased to remedy or ameliorate an emergency condition in the Project;

(k) all items and services for which Tenant or any other tenant in the Project reimburses Landlord or which Landlord provides selectively to one or more tenants (other than Tenant) without reimbursement;

(l) any costs expressly excluded from Operating Expenses elsewhere in this Lease;

(m) rent for any office space occupied by Project management personnel;

(n) costs arising from the gross negligence or willful misconduct of Landlord in connection with this Lease; and

(o) costs incurred to comply with laws relating to the removal or remediation of hazardous material (as defined under applicable law), and any costs of fines or penalties relating to the presence of hazardous material, in each case to the extent not brought into the Building or Premises by Tenant or any Tenant Parties;

(p) costs to correct any construction defect in the Project or to remedy any violation of a covenant, condition, restriction, underwriter’s requirement or law that exists as of the Lease Commencement Date; and

(q) capital costs occasioned by casualties or condemnation.

4.2.5 **Taxes.**

4.2.5.1 "**Tax Expenses**" shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.2 Tax Expenses shall include, without limitation: (i) Any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof; (ii) Any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax; (iii) Any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross income tax or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; and (iv) Any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises or the improvements thereon.

4.2.5.3 Any costs and expenses (including, without limitation, reasonable attorneys’ and consultants’ fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are incurred. Tax refunds shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as Additional Rent under this Article 4 for such Expense Year. If Tax Expenses for any

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4.2.6 “Tenant’s Share” shall mean the percentage set forth in Section 6 of the Summary.

4.3 Allocation of Direct Expenses. The parties acknowledge that the Building is a part of a multibuilding project and that the costs and expenses incurred in connection with the Project (i.e., the Direct Expenses) should be shared between the Building and the other buildings in the Project. Accordingly, as set forth in Section 4.2 above, Direct Expenses (which consist of Operating Expenses and Tax Expenses) are determined annually for the Project as a whole, and a portion of the Direct Expenses, which portion shall be determined by Landlord on an equitable basis, shall be allocated to the Building (as opposed to other buildings in the Project). Such portion of Direct Expenses allocated to the Building shall include all Direct Expenses attributable solely to the Building and a pro rata portion of the Direct Expenses attributable to the Project as a whole, and shall not include Direct Expenses attributable solely to other buildings in the Project.

4.4 Calculation and Payment of Additional Rent. Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1, below, and as Additional Rent, Tenant’s Share of Direct Expenses for each Expense Year.

4.4.1 Statement of Actual Direct Expenses and Payment by Tenant. Landlord shall give to Tenant within five (5) months following the end of each Expense Year, a statement (the “Statement”) which shall state the Direct Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount of Tenant’s Share of Direct Expenses. Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, Tenant shall pay, with its next installment of Base Rent due that is at least thirty (30) days thereafter, the full amount of Tenant’s Share of Direct Expenses for such Expense Year, less the amounts, if any, paid during such Expense Year as “Estimated Direct Expenses,” as that term is defined in Section 4.4.2, below, and if Tenant paid more as Estimated Direct Expenses than the actual Tenant’s Share of Direct Expenses, Tenant shall receive a credit in the amount of Tenant’s overpayment against Rent next due under this Lease. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant’s Share of Direct Expenses for the Expense Year in which this Lease terminates, Tenant shall immediately pay to Landlord such amount, and if Tenant paid more as Estimated Direct Expenses than the actual Tenant’s Share of Direct Expenses, Landlord shall, within thirty (30) days, deliver a check payable to Tenant in the amount of the overpayment. The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Term.

4.4.2 Statement of Estimated Direct Expenses. In addition, Landlord shall give Tenant a yearly expense estimate statement (the “Estimate Statement”) which shall set forth Landlord’s reasonable estimate (the “Estimate”) of what the total amount of Direct Expenses for the then-current Expense Year shall be and the estimated Tenant’s Share of Direct Expenses (the “Estimated Direct Expenses”). The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Direct Expenses under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Direct Expenses theretofore delivered to the extent necessary. Thereafter, Tenant shall pay, with its next installment of Base Rent due that is at least thirty (30) days thereafter, a fraction of the Estimated Direct Expenses for the then-current Expense Year (reduced by any amounts paid pursuant to the last sentence of this Section 4.4.2). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. Until a new

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Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Direct Expenses set forth in the previous Estimate Statement delivered by Landlord to Tenant.

4.5 **Taxes and Other Charges for Which Tenant Is Directly Responsible.** Tenant shall be liable for and shall pay ten (10) days before delinquency, taxes levied against Tenant’s equipment, furniture, fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant’s equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord’s property or if the assessed value of Landlord’s property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall upon demand repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

4.6 **Landlord’s Books and Records.** Within one hundred twenty (120) days after receipt by Tenant of a Statement, if Tenant disputes the amount of Additional Rent set forth in the Statement, a member of Tenant’s finance department, or an independent certified public accountant (which accountant is a member of a nationally recognized accounting firm and is not working on a contingency fee basis) (“Tenant’s Accountant”), designated and paid for by Tenant, may, after reasonable notice to Landlord and at reasonable times, inspect Landlord’s records with respect to the Statement at Landlord’s offices, provided that there is no existing Event of Default and Tenant has paid all amounts required to be paid under the applicable Estimate Statement and Statement, as the case may be. In connection with such inspection, Tenant and Tenant’s agents must agree in advance to follow Landlord’s reasonable rules and procedures regarding inspections of Landlord’s records, and shall execute a commercially reasonable confidentiality agreement regarding such inspection. Tenant’s failure to dispute the amount of Additional Rent set forth in any Statement within one hundred twenty (120) days of Tenant’s receipt of such Statement shall be deemed to be Tenant’s approval of such Statement and Tenant, thereafter, waives the right or ability to dispute the amounts set forth in such Statement. If after such inspection, Tenant still disputes such Additional Rent, a determination as to the proper amount shall be made, at Tenant’s expense, by an independent certified public accountant (the “Accountant”) selected by Landlord and subject to Tenant’s reasonable approval; provided that if such Accountant determines that Direct Expenses were overstated by more than five percent (5%), then the cost of the Accountant and the cost of such determination shall be paid for by Landlord, and Landlord shall reimburse Tenant’s the cost of the Tenant’s Accountant (provided that such cost shall be a reasonable market cost for such services). Tenant hereby acknowledges that Tenant’s sole right to inspect Landlord’s books and records and to contest the amount of Direct Expenses payable by Tenant shall be as set forth in this Section 4.6, and Tenant hereby waives any and all other rights pursuant to applicable law to inspect such books and records and/or to contest the amount of Direct Expenses payable by Tenant.

5. **USE OF PREMISES**

5.1 **Permitted Use.** Tenant shall use the Premises solely for the Permitted Use set forth in Section 7 of the Summary and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord’s sole discretion.

5.2 **Prohibited Uses.** Tenant further covenants and agrees that Tenant shall not use or permit any person or persons to use, the Premises or any part thereof for any use or purpose in violation of the laws of the United States of America, the State of California, or the ordinances, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project) including, without limitation, any such laws, ordinances, regulations or requirements relating to hazardous materials or substances, as those terms are defined by applicable laws now or hereafter in effect, or any Underlying Documents. Landlord shall have the right to impose reasonable, nondiscriminatory and customary rules and regulations regarding the use of the Project that do not unreasonably interfere with Tenant’s use of the Premises, as reasonably deemed necessary by Landlord with respect to the orderly operation of the Project, and Tenant shall comply with such reasonable rules and regulations. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building, or injure or

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5.3 **Hazardous Materials.**

5.3.1 **Tenant’s Obligations.**

5.3.1.1 **Prohibitions.** As a material inducement to Landlord to enter into this Lease with Tenant, Tenant has fully and accurately completed Landlord’s Pre-Leasing Environmental Exposure Questionnaire (the “Environmental Questionnaire”), which is attached as Exhibit E.

Tenant agrees that except for those chemicals or materials, and their respective quantities, specifically listed on the Environmental Questionnaire, neither Tenant nor Tenant’s employees, contractors and subcontractors of any tier, entities with a contractual relationship with Tenant (other than Landlord), or any entity acting as an agent or sub-agent of Tenant (collectively, “Tenant’s Agents”) will produce, use, store or generate any “Hazardous Materials,” as that term is defined below, on, under or about the Premises, nor cause any Hazardous Material to be brought upon, placed, stored, manufactured, generated, blended, handled, recycled, used or “Released,” as that term is defined below, on, in, under or about the Premises. If any information provided to Landlord by Tenant on the Environmental Questionnaire, or otherwise relating to information concerning Hazardous Materials is intentionally false, incomplete, or misleading in any material respect, the same shall be deemed a default by Tenant under this Lease.

Tenant shall deliver to Landlord an updated Environmental Questionnaire at least once a year. Tenant shall notify Landlord prior to using any Hazardous Materials in the Premises not described on the initial Environmental Questionnaire, and, to the extent such use would, in Landlord’s reasonable judgment, cause a material increase in the risk of liability compared to the uses previously allowed in the Premises, such additional use shall be subject to Landlord’s prior consent, which may be withheld in Landlord’s reasonable discretion. Tenant shall not install or permit Tenant’s Agents to install any underground storage tank on the Premises. For purposes of this Lease, “Hazardous Materials” means all flammable explosives, petroleum and petroleum products, waste oil, radon, radioactive materials, toxic pollutants, asbestos, polychlorinated biphenyls (“PCBs”), medical waste, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, including without limitation any chemical, element, compound, mixture, solution, substance, object, waste or any combination thereof, which is or may be hazardous to human health, safety or to the environment due to its radioactivity, ignitability, corrosiveness, reactivity, explosiveness, toxicity, carcinogenicity, infectiousness or other harmful or potentially harmful properties or effects, or defined as, regulated as or included in, the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” or “toxic substances” under any Environmental Laws. For purposes of this Lease, “Release” or “Released” or “Releases” shall mean any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing, or other movement of Hazardous Materials into the environment. Landlord acknowledges that Tenant will be installing and using fume hoods in the Premises and that emissions of Hazardous Materials into the air in compliance with all Environmental Laws shall not be considered Releases.

5.3.1.2 **Notices to Landlord.** Tenant shall notify Landlord in writing as soon as possible but in no event later than five (5) days after (i) the occurrence of any actual, alleged or threatened Release of any Hazardous Material in, on, under, from, upon or in the vicinity of the Premises (whether past or present), regardless of the source or quantity of any such Release, or (ii) Tenant becomes aware of any regulatory actions, inquiries, inspections, investigations, directives, or any cleanup, compliance, enforcement or abatement proceedings (including any threatened or contemplated investigations or proceedings) relating to or potentially affecting the Premises, or (iii) Tenant becomes aware of any claims by any person or entity relating to any Hazardous Materials in, on, under, from, upon or in the vicinity of the Premises, whether relating to damage, contribution, cost recovery, compensation, loss or injury. Collectively, the matters set forth in clauses (i), (ii) and (iii) above are hereinafter referred to as “Hazardous Materials Claims”. Tenant shall promptly forward to Landlord copies of all orders, notices, permits, applications and other communications and reports in connection with any Hazardous Materials Claims. Additionally, Tenant shall promptly advise Landlord in writing of Tenant’s discovery of any occurrence or

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condition on, in, under or about the Premises that could subject Tenant or Landlord to any liability, or restrictions on ownership, occupancy, transferability or use of the Premises under any “Environmental Laws,” as that term is defined below. Tenant shall not enter into any legal proceeding or other action, settlement, consent decree or other compromise with respect to any Hazardous Materials Claims without first notifying Landlord of Tenant’s intention to do so and affording Landlord the opportunity to join and participate, as a party if Landlord so elects, in such proceedings and in no event shall Tenant enter into any agreements which are binding on Landlord or the Premises without Landlord’s prior written consent. Landlord shall have the right to appear at and participate in, in any and all legal or other administrative proceedings concerning any Hazardous Materials Claim. For purposes of this Lease, “Environmental Laws” means all applicable present and future laws relating to the protection of human health, safety, wildlife or the environment, including, without limitation, (i) all requirements pertaining to reporting, licensing, permitting, investigation and/or remediation of emissions, discharges, Releases, or threatened Releases of Hazardous Materials, whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of Hazardous Materials; and (ii) all requirements pertaining to the health and safety of employees or the public. Environmental Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC § 9601, et seq., the Hazardous Materials Transportation Authorization Act of 1994, 49 USC § 5101, et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, and Hazardous and Solid Waste Amendments of 1984, 42 USC § 6901, et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 USC § 1251, et seq., the Clean Air Act of 1966, 42 USC § 7401, et seq., the Toxic Substances Control Act of 1976, 15 USC § 2601, et seq., the Safe Drinking Water Act of 1974, 42 USC §§ 300f through 300j, the Occupational Safety and Health Act of 1970, as amended, 29 USC § 651 et seq., the Oil Pollution Act of 1990, 33 USC § 2701 et seq., the Emergency Planning and Community Right-To-Know Act of 1986, 42 USC § 11001 et seq., the National Environmental Policy Act of 1969, 42 USC § 4321 et seq., the Federal Insecticide, Fungicide and Rodenticide Act of 1947, 7 USC § 136 et seq., California Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health & Safety Code §§ 25300 et seq., Hazardous Materials Release Response Plans and Inventory Act, California Health & Safety Code, §§ 25500 et seq., Underground Storage of Hazardous Substances provisions, California Health & Safety Code, §§ 25280 et seq., California Hazardous Waste Control Law, California Health & Safety Code, §§ 25100 et seq., and any other state or local law counterparts, as amended, as such applicable laws, are in effect as of the Lease Commencement Date, or thereafter adopted, published, or promulgated.

5.3.1.3 Releases of Hazardous Materials. If any Release of any Hazardous Material in, on, under, from or about the Premises shall occur at any time during the Lease by Tenant or Tenant’s Agents, in addition to notifying Landlord as specified above, Tenant, at its own sole cost and expense, shall (i) immediately comply with any and all reporting requirements imposed pursuant to any and all Environmental Laws, (ii) provide a written certification to Landlord indicating that Tenant has complied with all applicable reporting requirements, (iii) take any and all necessary investigation, corrective and remedial action in accordance with any and all applicable Environmental Laws, utilizing an environmental consultant approved by Landlord, all in accordance with the provisions and requirements of this Section 5.3, including, without limitation, Section 5.3.4, and (iv) take any such additional investigative, remedial and corrective actions as Landlord shall in its reasonable discretion deem necessary such that the Premises are remediated to the condition existing prior to such Release.

5.3.1.4 Indemnification. 5.3.1.4.1 In General. Without limiting in any way Tenant’s obligations under any other provision of this Lease, Tenant shall be solely responsible for and shall protect, defend, indemnify and hold the Landlord Parties harmless from and against any and all claims, judgments, losses, damages, costs, expenses, penalties, enforcement actions, taxes, fines, remedial actions, liabilities (including, without limitation, actual attorneys’ fees, litigation, arbitration and administrative proceeding costs, expert and consultant fees and laboratory costs) including, without limitation, consequential damages and sums paid in settlement of claims, which arise during or after the Lease Term, whether foreseeable or unforeseeable, that arise during or after the Lease Term in whole or in part, foreseeable or unforeseeable, directly or indirectly arising out of or attributable to the Release of Hazardous Materials in, on, under or about the Premises by Tenant or Tenant’s Agents.

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5.3.1.4.2 Limitations. Notwithstanding anything in Section 5.3.1.4, above, to the contrary, Tenant’s indemnity of Landlord as set forth in Section 5.3.1.4, above, shall not be applicable to claims based upon Hazardous Materials not Released by Tenant or Tenant’s Agents. 5.3.3

5.3.1.4.3 Landlord Indemnity. Under no circumstance shall Tenant be liable for, and Landlord shall indemnify, defend, protect and hold harmless Tenant and Tenant’s Agents from and against, all losses, costs, claims, liabilities and damages (including attorneys’ and consultants’ fees) arising out of any Hazardous Materials that exist in, on or about the Project as of the date hereof, or Hazardous Material Released by Landlord or any Landlord Parties. Landlord will provide Tenant with any Hazardous Material reports relating to the Building that Landlord has in its immediate possession. The provision of such reports shall be for informational purposes only, and Landlord does not make any representation or warranty as to the correctness or completeness of any such reports.

5.3.1.5 Compliance with Environmental Laws. Without limiting the generality of Tenant’s obligation to comply with applicable laws as otherwise provided in this Lease, Tenant shall, at its sole cost and expense, comply with all Environmental Laws related to the use of Hazardous Materials by Tenant and Tenant’s Agents. Tenant shall obtain and maintain any and all necessary permits, licenses, certifications and approvals appropriate or required for the use, handling, storage, and disposal of any Hazardous Materials used, stored, generated, transported, handled, blended, or recycled by Tenant on the Premises. Landlord shall have a continuing right, without obligation, to require Tenant to obtain, and to review and inspect any and all such permits, licenses, certifications and approvals, together with copies of any and all Hazardous Materials management plans and programs, any and all Hazardous Materials risk management and pollution prevention programs, and any and all Hazardous Materials emergency response and employee training programs respecting Tenant’s use of Hazardous Materials. Upon request of Landlord, Tenant shall deliver to Landlord a narrative description explaining the nature and scope of Tenant’s activities involving Hazardous Materials and showing to Landlord’s satisfaction compliance with all Environmental Laws and the terms of this Lease.

5.3.2 Assurance of Performance

5.3.2.1 Environmental Assessments In General. Landlord may, but shall not be required to, engage from time to time such contractors as Landlord determines to be appropriate (and which are reasonably acceptable to Tenant) to perform environmental assessments of a scope reasonably determined by Landlord (an “Environmental Assessment”) to ensure Tenant’s compliance with the requirements of this Lease with respect to Hazardous Materials.

5.3.2.2 Costs of Environmental Assessments. All costs and expenses incurred by Landlord in connection with any such Environmental Assessment initially shall be paid by Landlord; provided that if any such Environmental Assessment shows that Tenant has failed to comply with the provisions of this Section 5.3, then all of the costs and expenses of such Environmental Assessment shall be reimbursed by Tenant as Additional Rent within ten (10) days after receipt of written demand therefor.

5.3.3 Tenant’s Obligations upon Surrender. At the expiration or earlier termination of the Lease Term, Tenant, at Tenant’s sole cost and expense, shall: (i) cause an Environmental Assessment of the Premises to be conducted in accordance with Section 15.3; (ii) cause all Hazardous Materials brought onto the Premises by Tenant or Tenant’s Agents to be removed from the Premises and disposed of in accordance with all Environmental Laws and as necessary to allow the Premises to be used for the purposes allowed as of the date of this Lease; and (iii) cause to be removed all containers installed or used by Tenant or Tenant’s Agents to store any Hazardous Materials on the Premises, and cause to be repaired any damage to the Premises caused by such removal.

5.3.4 Clean-up

5.3.4.1 Environmental Reports; Clean-Up. If any written report, including any report containing results of any Environmental Assessment (an “Environmental Report”) shall indicate (i) the presence of any Hazardous Materials as to which Tenant has a removal or remediation obligation under this Section 5.3, and (ii) that as a result of same, the investigation, characterization, monitoring, assessment, repair, closure, remediation,
removal, or other clean-up (the "Clean-up") of any Hazardous Materials is required, Tenant shall immediately prepare and submit to Landlord within thirty (30) days after receipt of the Environmental Report a comprehensive plan, subject to Landlord’s written approval, specifying the actions to be taken by Tenant to perform the Clean-up so that the Premises are restored to the conditions required by this Lease. Upon Landlord’s approval of the Clean-up plan, Tenant shall, at Tenant’s sole cost and expense, without limitation on any rights and remedies of Landlord under this Lease, immediately implement such plan with a consultant reasonably acceptable to Landlord and proceed to Clean-Up Hazardous Materials in accordance with all applicable laws. If, within thirty (30) days after receiving a copy of such Environmental Report, Tenant fails either (a) to complete such Clean-up, or (b) with respect to any Clean-up that cannot be completed within such thirty-day period, fails to proceed with diligence to prepare the Clean-up plan and complete the Clean-up as promptly as practicable, then Landlord shall have the right, but not the obligation, and without waiving any other rights under this Lease, to carry out any Clean-up recommended by the Environmental Report or required by any governmental authority having jurisdiction over the Premises, and recover all of the costs and expenses thereof from Tenant as Additional Rent, payable within ten (10) days after receipt of written demand therefor.

5.3.4.2 No Rent Abatement. Tenant shall continue to pay all Rent due or accruing under this Lease during any Clean-up, and shall not be entitled to any reduction, offset or deferral of any Base Rent or Additional Rent due or accruing under this Lease during any such Clean-up.

5.3.4.3 Surrender of Premises. Tenant shall complete any Clean-up prior to surrender of the Premises upon the expiration or earlier termination of this Lease. Tenant shall obtain and deliver to Landlord a letter or other written determination from the over-seeing governmental authority confirming that the Clean-up has been completed in accordance with all requirements of such governmental authority and that no further response action of any kind is required for the unrestricted use of the Premises ("Closure Letter"). Upon the expiration or earlier termination of this Lease, Tenant shall also be obligated to close all permits obtained in connection with Hazardous Materials used by Tenant or Tenant’s Agents in accordance with applicable laws.

5.3.4.4 Failure to Timely Clean-Up. Should any Clean-up for which Tenant is responsible not be completed, or should Tenant not receive the Closure Letter and any governmental approvals required under Environmental Laws in conjunction with such Clean-up prior to the expiration or earlier termination of this Lease, then, commencing on the later of the termination of this Lease and three (3) business days after Landlord’s delivery of notice of such failure and that it elects to treat such failure as a holdover, Tenant shall be liable to Landlord as a holdover tenant (as more particularly provided in Article 16) until Tenant has fully complied with its obligations under this Section 5.3.

5.3.5 Confidentiality. Unless compelled to do so by applicable law, Tenant agrees that Tenant shall not disclose, discuss, disseminate or copy any information, data, findings, communications, conclusions and reports regarding the environmental condition of the Premises to any Person (other than Tenant’s consultants, attorneys, property managers, employees, shareholders and potential and actual investors, lenders, business and merger partners, subtenants and assignees that have a need to know such information), including any governmental authority, without the prior written consent of Landlord. In the event Tenant reasonably believes that disclosure is compelled by applicable law, it shall provide Landlord ten (10) days’ advance notice of disclosure of confidential information so that Landlord may attempt to obtain a protective order. Tenant may additionally release such information to bona fide prospective purchasers or lenders, subject to any such parties’ written agreement to be bound by the terms of this Section 5.3.

5.3.6 Copies of Environmental Reports. Within thirty (30) days of receipt thereof, Tenant shall provide Landlord with a copy of any and all environmental assessments, audits, studies and reports regarding Tenant’s activities with respect to the Premises, or ground water beneath the Land, or the environmental condition or Clean-up thereof. Tenant shall be obligated to provide Landlord with a copy of such materials without regard to whether such materials are generated by Tenant or prepared for Tenant, or how Tenant comes into possession of such materials.

5.3.7 Signs, Response Plans, Etc. Tenant shall be responsible for posting on the Premises any signs required under applicable Environmental Laws with respect to the use of Hazardous Materials by Tenant or Tenant’s Agents. Tenant shall also complete and file any business response plans or inventories required by any applicable laws. Tenant shall concurrently file a copy of any such business response plan or inventory with Landlord.
5.3.8 Survival. Each covenant, agreement, representation, warranty and indemnification made by Tenant set forth in this Section 5.3 shall survive the expiration or earlier termination of this Lease and shall remain effective until all of Tenant’s obligations under this Section 5.3 have been completely performed and satisfied.

5.4 Generator.

5.4.1 In General. Landlord shall, at its sole cost and expense, prior to the Lease Commencement Date, install a 350kW generator and fuel tank for Tenant’s exclusive use in accordance with the Preliminary Plans set forth in the Tenant Work Letter (the “Generator”) in an area outside of the Premises as reasonably designated by Landlord and reasonably approved by Tenant (the “Generator Area”). In addition, subject to the terms of this Lease and applicable laws, Tenant shall have the right, at Tenant’s sole cost and expense, to install (a) a nitrogen tank and other equipment on an equipment pad and (b) chemicals and other equipment in the chemical bunker to be installed by Landlord in accordance with the Preliminary Plans, in areas outside the Premises as reasonably designated by Landlord and reasonably approved by Tenant (such areas, together with the Generator Area, shall be collectively referred to herein as the “Outside Equipment Area”). The “Outside Equipment” shall be deemed to include, without limitation, all associated equipment, connections and/or facilities in the Outside Equipment Area, as well as the Generator. All plans and specifications relating to the Outside Equipment shall be subject to the approval of Landlord, which shall not be unreasonably withheld.

5.4.2 Operation and Maintenance of Generator. In no event shall Tenant permit the Outside Equipment to interfere with normal and customary use or operation of the Project by Landlord or other tenants and/or occupants (including, without limitation, by means of noise or odor). Tenant shall be responsible, at Tenant’s sole cost and expense, for all maintenance and repairs and compliance with law obligations with respect to the Outside Equipment, and Tenant acknowledges and that Landlord shall have no responsibility in connection with the Outside Equipment and that Landlord shall not be liable for any damage that may occur with respect to the Outside Equipment. All matters (including all plans and specifications) relating to the use, maintenance, repair, modification, compliance with laws, and removal of the Outside Equipment (including, without limitation, with respect to the manner and means of Tenant’s connection of the Outside Equipment to the electrical systems of the Building) shall be subject to the prior approval of Landlord, which approval shall not be unreasonably withheld and may be conditioned on Tenant complying with such reasonable requirements imposed by Landlord, based on the advice of Landlord’s engineers, so that the Building’s systems or other components of the Building and the occupants of the Building are not adversely affected by the operation of the Outside Equipment, and/or based upon other reasonable factors as determined by Landlord. The Outside Equipment and Outside Equipment Area shall be deemed to be a part of the Premises for purposes of the insurance provisions of this Lease, and, in addition, Tenant shall maintain, at Tenant’s cost, industry standard “boiler and machinery” insurance coverage with respect thereto.

5.4.3 Outside Equipment Use. Any generator in the Outside Equipment Area shall be used by Tenant only during (i) testing and regular maintenance, and (ii) the period of any electrical power outage in the Building. Tenant shall be entitled to operate such generator for testing and regular maintenance only upon notice to Landlord and at times reasonably approved by Landlord. Tenant shall maintain any required permits allowing the operation of the Outside Equipment throughout the Lease Term.

5.4.4 Landlord Costs. Tenant shall be responsible for any and all costs, if any, incurred by Landlord as a result of or in connection with Tenant’s operation, maintenance, modification, use and/or removal of the Outside Equipment.

5.4.5 Removal of Generator. At the expiration or earlier termination of the Lease, the Outside Equipment, to the extent owned (and not leased) by Tenant, shall become Landlord’s property and shall remain at the Premises, in good order and repair, and with all applicable permits current.
6. SERVICES AND UTILITIES

6.1 In General. Tenant will be responsible, at its sole cost and expense, for the furnishing of all services and utilities to the Premises, including, but not limited to heating, ventilation and air-conditioning, electricity, water, telephone, janitorial and interior Building security services.

6.1.1 All utilities (including without limitation, electricity, gas, sewer and water) to the Building are separately metered at the Premises and shall be paid directly by Tenant to the applicable utility provider.

6.1.2 Landlord shall not provide janitorial services for the interior of the Premises. Tenant shall be solely responsible for performing all janitorial services and other cleaning of the Premises, all in compliance with applicable laws. The janitorial and cleaning of the Premises shall be adequate to maintain the Premises in a manner consistent with First Class Life Sciences Projects.

Tenant shall cooperate fully with Landlord at all times and abide by all reasonable regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the HVAC, electrical, mechanical and plumbing systems. Provided that Landlord agrees to provide and maintain in continuous service utility connections to the Project, including electricity, water and sewage connections, Landlord shall have no obligation to provide any services or utilities to the Building, including, but not limited to heating, ventilation and air-conditioning, electricity, water, telephone, janitorial and interior Building security services.

6.2 Interruption of Use. Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant’s use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Notwithstanding the foregoing, Landlord may be liable for damages to the extent caused by the negligence or willful misconduct of Landlord or the Landlord Parties, provided that Landlord shall not be liable under any circumstances for injury to, or interference with, Tenant’s business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6.

7. REPAIRS

7.1 Tenant Repair Obligations. Tenant shall, throughout the Term, at its sole cost and expense, maintain, repair or replace as required, the Premises and Building and every part thereof in a good standard of maintenance, repair and replacement as required, and in good and sanitary condition, all in accordance with the standards of First Class Life Sciences Projects, except for Landlord Repair Obligations, whether or not such maintenance, repair, replacement or improvement is required in order to comply with applicable Laws (“Tenant’s Repair Obligations”), including, without limitation, the following: (1) interior glass, windows, window frames, window casements (including the repairing, resealing, cleaning and replacing of both interior and exterior windows); (2) interior and exterior doors, door frames and door closers; (3) interior lighting (including, without limitation, light bulbs and ballasts); (4) the plumbing, sewer, drainage, electrical, fire protection, life safety and security systems and equipment, existing heating, ventilation and air-conditioning systems, and all other mechanical, electrical and communications systems and equipment (collectively with the elevator in the Building, the “Building Systems”), including without limitation (i) any specialty or supplemental Building Systems installed by or for Tenant and (ii) all electrical facilities and equipment, including lighting fixtures, lamps, fans and any exhaust equipment and systems, electrical motors and all other appliances and equipment of every kind and nature located in, upon or about the Premises; (5) all communications systems serving the Premises; (6) all of Tenant’s security systems in or about or serving the Premises; (7) Tenant’s signage; (8) interior demising walls and partitions (including painting and wall coverings), equipment, floors, and any roll-up doors, ramps and dock equipment, and (9) the Building HVAC

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system and equipment. Tenant shall additionally be responsible, at Tenant’s sole cost and expense, to furnish all expendables, including light bulbs, paper goods and soaps, used in the Premises, and, to the extent that Landlord notifies Tenant in writing of its intention to no longer arrange for such monitoring, cause the fire alarm systems serving the Premises to be monitored by a monitoring or protective services firm approved by Landlord in writing.

7.2 **Service Contracts.** All Building Systems (other than the elevator), including HVAC, main electrical, plumbing and fire/life-safety systems, shall be maintained, repaired and replaced by Tenant (i) in a commercially reasonable first-class condition, (ii) in accordance with any applicable manufacturer specifications relating to any particular component of such Building Systems, (iii) in accordance with applicable Laws. To perform such work, Tenant shall contract with qualified, experienced professional third party service companies (a “Service Contract”). Tenant shall regularly, in accordance with commercially reasonable standards, generate and maintain preventive maintenance records relating to each Building’s mechanical and main electrical systems, including life safety and the central plant (“Preventative Maintenance Records”). In addition, upon Landlord’s request, Tenant shall deliver a copy of all current Service Contracts to Landlord and/or a copy of the Preventative Maintenance Records.

7.3 **Landlord’s Right to Perform Tenant’s Repair Obligations.** Tenant shall notify Landlord in writing at least ten (10) business days prior to performing any Tenant’s Repair Obligation which may have a material adverse affect the Building Systems or which is reasonably anticipated to cost more than $100,000.00. Upon receipt of such notice from Tenant, Landlord shall have the right to either (i) perform such material Tenant’s Repair Obligation by delivering notice of such election to Tenant within ten (10) business days following receipt of Tenant’s notice, and Tenant shall pay Landlord the cost thereof (including Landlord’s reasonable out-of-pocket costs incurred in connection therewith) within thirty (30) days after receipt of an invoice therefor, or (ii) require Tenant to perform such Tenant’s Repair Obligation at Tenant’s sole cost and expense. If Tenant fails to perform any Tenant’s Repair Obligation within a reasonable time period after written notice thereof from Landlord, as reasonably determined by Landlord, then Landlord may, but need not, following delivery of notice to Tenant of such election, make such repair at Tenant’s expense, or, if covered by Landlord’s insurance, Tenant shall only be obligated to pay any deductible in connection therewith. Costs expended by Landlord in connection with the Landlord Repair Obligations shall be included in Operating Expenses to the extent allowed pursuant to the terms of Article 4, above. Landlord shall cooperate with Tenant to enforce any warranties that Landlord holds that could reduce Tenant’s maintenance obligations under this Lease.

7.4 **Landlord Repair Obligations.** Landlord shall be responsible for repairs to and routine maintenance of (i) the exterior glass, exterior walls, foundation and roof of the Building, the structural portions of the floors of the Building, including, without limitation, any painting, sealing, patching and waterproofing of exterior walls, and (ii) repairs to the elevator in the Building and underground utilities, except to the extent that any such repairs are required due to the negligence or willful misconduct of Tenant (the “Landlord Repair Obligations”); provided, however, that if such repairs are due to the negligence or willful misconduct of Tenant, Landlord shall nevertheless make such repairs at Tenant’s expense, or, if covered by Landlord’s insurance, Tenant shall only be obligated to pay any deductible in connection therewith. Costs expended by Landlord in connection with the Landlord Repair Obligations shall be included in Operating Expenses to the extent allowed pursuant to the terms of Article 4, above. Landlord shall cooperate with Tenant to enforce any warranties that Landlord holds that could reduce Tenant’s maintenance obligations under this Lease.

7.5 **Tenant’s Right to Make Repairs.** Notwithstanding any provision to the contrary contained in this Lease, if Tenant provides written notice to Landlord of an event or circumstance which requires the action of Landlord under this Lease with respect to repair and/or maintenance required in the Premises, including repairs to the portions of the Building that are Landlord’s responsibility under Section 7.4 (the “Base Building”), which event or circumstance with respect to the Base Building materially and adversely affects the conduct of Tenant’s business from the Premises, and Landlord fails to commence corrective action within a reasonable period of time, given the circumstances, after the receipt of such notice, but in any event not later than thirty (30) days after receipt of said notice (unless Landlord’s obligation cannot reasonably be performed within thirty (30) days, in which event Landlord shall be allowed additional time as is reasonably necessary to perform the obligation so long as Landlord begins performance within the initial thirty (30) days and diligently pursues performance to completion), or, in the event of an Emergency (as defined below), not later than five (5) business days after receipt of such notice, then Tenant shall have the right to undertake such actions as may be reasonably necessary to make such repairs if Landlord thereafter fails to commence corrective action within five (5) business days following Landlord’s receipt of a second written notice from Tenant specifying that Tenant will undertake such actions if Landlord fails to timely do
8. ADDITIONS AND ALTERATIONS

8.1 Landlord’s Consent to Alterations. Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises (collectively, the “Alterations”) without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than ten (10) business days prior to the commencement thereof, and which consent shall not be unreasonably withheld by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which adversely affects the structural portions or the systems or equipment of the Building or is visible from the exterior of the Building. Notwithstanding the foregoing, Tenant shall be permitted to make Alterations following ten (10) business days notice to Landlord (as to Alterations costing more than $10,000 only), but without Landlord’s prior consent, to the extent that such Alterations (i) do not affect the building systems or equipment (other than minor changes such as adding or relocating electrical outlets and thermostats), (ii) are not visible from the exterior of the Building, and (iii) cost less than $50,000.00 for a particular job of work. The construction of the Landlord’s TI Work to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 8.

8.2 Manner of Construction. Landlord may impose, as a condition of its consent to any and all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its reasonable discretion may deem desirable, including, but not limited to, the requirement that upon Landlord’s request, Tenant shall, at Tenant’s expense, remove such Alterations upon the expiration or any early termination of the Lease Term. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable federal, state, county or municipal laws, rules and regulations and pursuant to a valid building permit, issued by the city in which the Building is located (or other applicable governmental authority). Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord’s reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Building or the Common Areas. Upon completion of any Alterations, Tenant shall deliver to Landlord final lien waivers from all contractors, subcontractors and materialmen who performed such work. In addition to Tenant’s obligations under Article 9 of

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this Lease, upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County of San Mateo in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and Tenant shall deliver to the Project construction manager a reproducible copy of the “as built” drawings of the Alterations as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 **Payment for Improvements.** In connection with any Alterations, that affect the Building systems (other than minor changes such as adding or relocating electrical outlets and thermostats), or which have a cost in excess of $100,000, Tenant shall reimburse Landlord for Landlord’s reasonable, actual, out-of-pocket costs and expenses actually incurred in connection with Landlord’s review of such work.

8.4 **Construction Insurance.** In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant carries “Builder’s All Risk” insurance in an amount approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may reasonably require, it being understood and agreed that all of such Alterations shall be insured by Landlord pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, Tenant’s contractors and subcontractors shall be required to carry Commercial General Liability Insurance in an amount approved by Landlord and otherwise in accordance with the requirements of Article 10 of this Lease. In connection with Alterations with a cost in excess of $250,000, Landlord may, in its reasonable discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee.

8.5 **Landlord’s Property.** All Alterations, improvements, fixtures, equipment (“FF&E”) and/or appurtenances which may be installed or placed in or about the Premises, from time to time, shall be at the sole cost of Tenant and all Alterations and improvements (including demountable walls), and any FF&E purchased with the “Alterations Allowance” defined in Section 8.6, below, shall be and become the property of Landlord and remain in place at the Premises following the expiration or earlier termination of this Lease. Notwithstanding the foregoing, Landlord may, by written notice to Tenant given at the time it consents to an Alteration, require Tenant, at Tenant’s expense, to remove any Alterations within the Premises and to repair any damage to the Premises and Building caused by such removal. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations, Landlord may do so and may charge the cost thereof to Tenant. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive the expiration or earlier termination of this Lease. Notwithstanding the foregoing, except to the extent the same are paid for by the Tenant Improvement Allowance, the items set forth in Exhibit F attached hereto (the “Tenant’s Property”) shall at all times be and remain Tenant’s property. Exhibit F may be updated from time to time by agreement of the parties. Tenant may remove the Tenant’s Property from the Premises at any time, provided that Tenant repairs all damage caused by such removal. Landlord shall have no lien or other interest in the Tenant’s Property.

8.6 **Alterations Allowance.** Landlord hereby grants Tenant the right to use up to $500,000.00 (the “Alterations Allowance”) for the reimbursement of costs expended by Tenant for the purchase and installation of improvements or FF&E which are permanently affixed to or used in the Premises (the “Refurbishments”). Tenant shall construct any Refurbishments constituting improvements as “Alterations” in accordance with the terms of this Article 8; provided, however, Tenant shall not be required to provide a bond under the last sentence of Section 8.4 with respect thereto. If Tenant elects to use any portion of the Refurbishment Allowance, Tenant shall provide written notice thereof to Landlord, together with invoices marked paid or other reasonable evidence of costs expended by Tenant on the Refurbishments, and with applicable lien releases (the “Disbursement Request”). All Disbursement Requests must be made, if at all, on or before the later of November 30, 2015, and six (6) months after the Lease Commencement Date. Tenant shall have no right to access any portion of the Alterations Allowance after such date. Landlord shall pay the applicable portion of the Alterations Allowance to Tenant within thirty (30) days after receipt of a Disbursement Request. If Tenant elects to use any portion of the Alterations Allowance, then Tenant shall be required to pay to Landlord, as Additional Rent under this Lease, the “Additional Monthly Base Rent” as defined below, to repay the Alterations Allowance to Landlord, on a monthly basis on each month during
the remainder of the initial Lease Term, and in the same manner as Base Rent is payable under this Lease. The amount payable by Tenant as 
“Additional Monthly Base Rent” shall be calculated as follows. The initial monthly payment of the Additional Monthly Base Rent shall be equal to 
the missing component of an annuity, which annuity shall have (i) the amount of the Alterations Allowance utilized by Tenant as the present value 
amount, (ii) 120 as the number of payments (notwithstanding the fact that there are only 84 months in the initial Lease Term), (iii) 10% as the annual 
interest factor, and (iv) the Additional Monthly Base Rent as the missing component of an annuity. The Additional Monthly Base Rent amount shall 
increase on each anniversary of the initial release of the Additional Monthly Base Rent, to be equal to 103% of the Additional Monthly Base Rent 
payable during the prior period. Landlord and Tenant acknowledge that the foregoing determination and calculation of the Additional Monthly Base 
Rent is not exactly equivalent to the amounts that would be repayable if the Alterations Allowance were treated as a traditional loan amount, but the 
parties nonetheless agree that such amounts shall be payable by Tenant as provided herein.

9. COVENANT AGAINST LIENS. Tenant shall keep the project and premises free from any liens or encumbrances arising out of the work 
performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend, indemnify and hold landlord harmless from 
and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys’ fees and costs) arising out of same or in 
connection therewith. Except as to Alterations as to which no notice is required under the second sentence of Section 8.1, Tenant shall give Landlord 
notice at least ten (10) business days prior to the commencement of any such work on the Premises (or such additional time as may be necessary under 
applicable laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility (to the extent applicable 
pursuant to then applicable laws). Tenant shall remove any such lien or encumbrance by bond or otherwise within ten (10) business days after notice 
by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible 
for investigating the validity thereof.

10. INSURANCE

10.1 Indemnification and Waiver. Except as provided in Section 10.5 or to the extent due to the negligence, willful misconduct or violation 
of this Lease by Landlord or the Landlord Parties, Tenant hereby assumes all risk of damage to property in, upon or about the Premises from any cause 
whatsoever (including, but not limited to, any personal injuries resulting from a slip and fall) incurred in connection with or arising from any cause in, on or about the Premises (including, but not limited to, a slip and fall), any acts, omissions or 
negligence of Tenant or of any person claiming by, through or under Tenant, or of the contractors, agents, servants, employees, invitees, guests or 
licensees of Tenant or any such person, in, on or about the Project or any breach of the terms of this Lease, either prior to, during, or after the expiration 
of the Lease Term, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Landlord or its agents, 
employees, contractors, licensees or invitees, or Landlord’s violation of this Lease. Should Landlord be named as a defendant in any suit brought 
against Tenant in connection with or arising out of Tenant’s occupancy of the Premises, Tenant shall indemnify, defend, protect, and hold harmless the 
Landlord Parties from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys’ fees) 
incurred in connection with or arising from any cause in, on or about the Premises (including, but not limited to, a slip and fall), any acts, omissions or 
negligence of Tenant or of any person claiming by, through or under Tenant, or of the contractors, agents, servants, employees, invitees, guests or 
licensees of Tenant or any such person, in, on or about the Project or any breach of the terms of this Lease, either prior to, during, or after the expiration 
of the Lease Term, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Landlord or its agents, 
employees, contractors, licensees or invitees, or Landlord’s violation of this Lease. Should Landlord be named as a defendant in any suit brought 
against Tenant in connection with or arising out of Tenant’s occupancy of the Premises, Tenant shall indemnify, defend, protect, and hold harmless 
the Landlord Parties from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys’ fees) 
incurred in connection with or arising from any cause in, on or about the Premises (including, but not limited to, a slip and fall), any acts, omissions or 
negligence of Tenant or of any person claiming by, through or under Tenant, or of the contractors, agents, servants, employees, invitees, guests or 
licensees of Tenant or any such person, in, on or about the Project or any breach of the terms of this Lease, either prior to, during, or after the expiration 
of the Lease Term, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Landlord or its agents, 
employees, contractors, licensees or invitees, or Landlord’s violation of this Lease. Should Landlord be named as a defendant in any suit brought 
against Tenant in connection with or arising out of Tenant’s occupancy of the Premises, Tenant shall indemnify, defend, protect, and hold harmless

10.2 Tenant’s Compliance With Landlord’s Property Insurance. Landlord shall insure the Building, Landlord’s TI Work and any Alterations 
during the Lease Term against loss or damage under an “all risk”
property insurance policy. Such coverage shall be in such amounts, from such companies, and on such other terms and conditions, as Landlord may from time to time reasonably determine. Additionally, at the option of Landlord, such insurance coverage may include the risks of earthquakes and/or flood damage and additional hazards, a rental loss endorsement and one or more loss payee endorsements in favor of the holders of any mortgages or deeds of trust encumbering the interest of Landlord in the Building or the ground or underlying lessors of the Building, or any portion thereof. The costs of such insurance shall be included in Operating Expenses, subject to the terms of Section 4.2.4. Tenant shall, at Tenant’s expense, comply with all insurance company requirements pertaining to the use of the Premises. If Tenant’s conduct or use of the Premises causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase. Tenant, at Tenant’s expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body. Notwithstanding anything to the contrary in this Lease, Tenant shall not be required to comply with or cause the Premises to comply with any laws, rules, regulations or insurance requirements requiring the construction of alterations unless such compliance is necessitated solely due to Tenant’s particular use of the Premises.

10.3 **Tenant’s Insurance.** Tenant shall maintain the following coverages in the following amounts.

10.3.1 Commercial General Liability Insurance on an occurrence form covering the insured against claims of bodily injury and property damage (including loss of use thereof) arising out of Tenant’s operations, and contractual liabilities including a contractual coverage for limits of liability (which limits may be met together with umbrella liability insurance) of not less than:

- **Bodily Injury and Property Damage Liability** $4,000,000 each occurrence
- **Personal Injury Liability** $4,000,000 annual aggregate

10.3.2 Property Insurance covering all office furniture, business and trade fixtures, office and lab equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant’s property on the Premises installed by, for, or at the expense of Tenant. Such insurance shall be written on an “all risks” of physical loss or damage basis, for the full replacement cost value (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, vandalism and malicious mischief, theft, water damage (excluding flood), including sprinkler leakage, bursting or stoppage of pipes, and explosion, and providing business interruption coverage for a period of ninety (90) days.

10.3.3 Business Income Interruption for ninety (90) days plus Extra Expense insurance in such amounts as will reimburse Tenant for actual direct or indirect loss of earnings attributable to the risks outlined in Section 10.3.2 above.

10.3.4 Worker’s Compensation and Employer’s Liability or other similar insurance pursuant to all applicable state and local statutes and regulations. The policy shall include a waiver of subrogation in favor of Landlord, its employees, Lenders and any property manager or partners.

10.4 **Form of Policies.** The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) name Landlord, its subsidiaries and affiliates, its property manager (if any) and any other party the Landlord so specifies, as an additional insured on the liability insurance, including Landlord’s managing agent, if any; (ii) be issued by an insurance company having a rating of not less than A:VII in Best’s Insurance Guide or which is otherwise acceptable to Landlord and authorized to do business in the State of California; and (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance required of Tenant. Tenant shall not cause said insurance to be canceled or coverage changed unless thirty (30) days’ prior written notice shall have been given to Landlord and any mortgagee of Landlord (unless such notice is otherwise required by the terms of any mortgage or deed of trust).
10.5 Subrogation. Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property or business interruption loss to the extent that such coverage is agreed to be provided hereunder. Notwithstanding anything to the contrary in this Lease, the parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers. The parties agree that their respective insurance policies do now, or shall, contain the waiver of subrogation.

10.6 Additional Insurance Obligations. Tenant shall carry and maintain during the entire Lease Term, at Tenant’s sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant’s operations therein, as may be reasonably requested by Landlord or Landlord’s lender, but in no event in excess of the amounts and types of insurance then being required by landlords of buildings comparable to and in the vicinity of the Building.

11. DAMAGE AND DESTRUCTION

11.1 Repair of Damage to Premises by Landlord. Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas serving or providing access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord’s reasonable control, and subject to all other terms of this Article 11, restore the Premises and such Common Areas. Such restoration shall be to substantially the same condition of the Premises and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other laws or any other modifications to the Common Areas deemed desirable by Landlord, which are consistent with the character of the Project, provided that access to the Premises shall not be materially impaired. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant’s business resulting in any way from such damage or the repair thereof, provided however, that if such fire or other casualty shall have damaged the Premises or Common Areas necessary to Tenant’s occupancy, and the damaged portions of the Premises are not occupied by Tenant as a result thereof, then during the time and to the extent the Premises are unfit for occupancy, the Rent shall be abated in proportion to the ratio that the amount of rentable square feet of the Premises which is unfit for occupancy for the purposes permitted under this Lease bears to the total rentable square feet of the Premises.

11.2 Landlord’s Option to Repair. Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty (60) days after the date of discovery of the damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building shall be damaged by fire or other casualty or cause, and one or more of the following conditions is present: (i) in Landlord’s reasonable judgment, repairs cannot reasonably be completed within one (1) year after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the damage is due to a risk that Landlord is not required to insure under this Lease, and the cost of restoration exceed five percent (5%) of the replacement cost of the Building (unless Tenant agrees to pay any uninsured amount in excess of such five percent (5%)); or (iii) the damage occurs during the last twelve (12) months of the Lease Term and will take more than sixty (60) days to restore; provided, however, that if Landlord does not elect to terminate this Lease pursuant to Landlord’s termination right as provided above, and the repairs cannot, in the reasonable opinion of Landlord, be completed within eight (8) months after the date of discovery of the damage (or are not in fact completed within nine (9) months after the date of discovery of the damage), Tenant may elect, no earlier than sixty (60) days after the date of the damage and not later than ninety (90) days after the date of such damage, or within thirty (30) days after such repairs are not timely completed, to terminate this Lease by written notice to Landlord effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant.

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11.3 **Waiver of Statutory Provisions.** The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

12. **NONWAIVER.** No provision of this lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord’s knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord’s right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord’s right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant’s right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

13. **CONDEMNATION.** If the whole or any part of the Premises shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use or reconstruction of any part of the Premises, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant’s personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, for moving expenses, for the unamortized value of any improvements paid for by Tenant and for the Lease “bonus value”, so long as such claims are payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred and eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

14. **ASSIGNMENT AND SUBLETTING**

14.1 **Transfers.** Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the
occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as “Transfers” and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a “Transferee”). If Tenant desires Landlord’s consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the “Transfer Notice”) shall include (i) the proposed effective date of the Transfer, which shall not be less than thirty (30) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the “Subject Space”), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the “Transfer Premium”, as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, and (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, and any other information reasonably required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee’s business and proposed use of the Subject Space. Any Transfer made without Landlord’s prior written consent shall, at Landlord’s option, be null, void and of no effect, and shall, at Landlord’s option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall pay Landlord’s reasonable review and processing fees, as well as any reasonable professional fees (including, without limitation, attorneys’, accountants’, architects’, engineers’ and consultants’ fees) incurred by Landlord (not to exceed $3,500 in the aggregate for any particular Transfer), within thirty (30) days after written request by Landlord.

14.2 Landlord’s Consent. Landlord shall not unreasonably withhold or delay its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project;

14.2.2 The Transferee is either a governmental agency or instrumentality thereof;

14.2.3 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested; or

14.2.4 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2 (and does not exercise any recapture rights Landlord may have under Section 14.4 of this Lease), Tenant may within six (6) months after Landlord’s consent, but not later than the expiration of said six-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14 (including Landlord’s right of recapture, if any, under Section 14.4 of this Lease). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under Section 14.2 or otherwise has breached or acted unreasonably under this Article 14, their sole remedies shall be a suit for contract damages (other than damages for injury to, or interference with, Tenant’s business including, without limitation, loss of profits, however occurring) or declaratory judgment and an injunction for the relief sought, and Tenant hereby waives all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable laws, on behalf of the proposed Transferee.

14.3 Transfer Premium. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any “Transfer Premium,” as that

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term is defined in this Section 14.3, received by Tenant from such Transferee. “Transfer Premium” shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, and after deduction of (i) any costs of improvements made to the Subject Space in connection with such Transfer, (ii) brokerage commissions paid in connection with such Transfer, and (iii) reasonable legal fees incurred in connection with such Transfer. “Transfer Premium” shall also include, but not be limited to, key money, bonus money or other cash consideration paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. The determination of the amount of Landlord’s applicable share of the Transfer Premium shall be made on a monthly basis as rent or other consideration is received by Tenant under the Transfer. For purposes of calculating the Transfer Premium, Base Rent under this Lease during the first twelve (12) months of the Lease Term shall be considered to be $3.25 per rentable square foot.

14.4 Landlord’s Option as to Subject Space. Notwithstanding anything to the contrary contained in this Article 14, in the event Tenant contemplates a Transfer other than to a Permitted Transferee which, together with all prior Transfers then remaining in effect, would cause seventy-five percent (75%) or more of the Premises to be Transferred for more than seventy-five percent (75%) of the then remaining Lease Term (taking into account any extension of the Lease Term which has irrevocably exercised by Tenant), Tenant shall give Landlord notice (the “Intention to Transfer Notice”) of such contemplated Transfer (whether or not the contemplated Transferee or the terms of such contemplated Transfer have been determined). The Intention to Transfer Notice shall specify the portion of and amount of rentable square feet of the Premises which Tenant intends to Transfer in the subject Transfer (the “Contemplated Transfer Space”), the contemplated date of commencement of the Contemplated Transfer (the “Contemplated Effective Date”), and the contemplated length of the term of such contemplated Transfer. Thereafter, Landlord shall have the option, by giving written notice to Tenant within thirty (30) days after receipt of any Intention to Transfer Notice, to recapture the Contemplated Transfer Space. Such recapture shall cancel and terminate this Lease with respect to such Contemplated Transfer Space as of the Contemplated Effective Date. In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner, to recapture such Contemplated Transfer Space under this Section 14.4, then, subject to the other terms of this Article 14, for a period of nine (9) months (the “Nine Month Period”) commencing on the last day of such thirty (30) day period, Landlord shall not have any right to recapture the Contemplated Transfer Space with respect to any Transfer made during the Nine Month Period, provided that any such Transfer is substantially on the terms set forth in the Intention to Transfer Notice, and provided further that any such Transfer shall be subject to the remaining terms of this Article 14. If such a Transfer is not so consummated within the Nine Month Period (or if a Transfer is so consummated, then upon the expiration of the term of any Transfer of such Contemplated Transfer Space consummated within such Nine Month Period), Tenant shall again be required to submit a new Intention to Transfer Notice to Landlord with respect any contemplated Transfer, as provided above in this Section 14.4. Tenant shall not be required to provide a separate Intention to Transfer Notice and Tenant’s request for Landlord’s consent to a Transfer shall satisfy Tenant’s obligations in this Section 14.4.

14.5 Effect of Transfer. If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord’s request a complete statement, certified by an independent certified public accountant, or Tenant’s chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord’s consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than two percent (2%), Tenant shall pay Landlord’s costs of such audit.
14.6 **Additional Transfers.** For purposes of this Lease, the term "Transfer" shall also include if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of fifty percent (50%) or more of the partners, or transfer of fifty percent (50%) or more of partnership interests, within a twelve (12)-month period, or the dissolution of the partnership without immediate reconstitution thereof.

14.7 **Occurrence of Default.** Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee atom to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease, Landlord is hereby irrevocably authorized, as Tenant’s agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant’s obligations under this Lease) until such default is cured. Such Transfer shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord’s enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord’s right to enforce any term of this Lease against Tenant or any other person. If Tenant’s obligations hereunder have been guaranteed, Landlord’s consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

14.8 **Non-Transfers.** Notwithstanding anything to the contrary contained in this Article 14, (i) an assignment or subletting of all or a portion of the Premises to an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant), (ii) an assignment of the Premises to an entity which acquires all or substantially all of the assets or interests (partnership, stock or other) of Tenant, (iii) an assignment of the Premises to an entity which is the resulting entity of a merger or consolidation of Tenant with another entity, or (iv) a sale of corporate shares of capital stock in Tenant in connection with an initial public offering of Tenant’s stock on a nationally-recognized stock exchange (collectively, a "Permitted Transferee"), shall not be deemed a Transfer under this Article 14, provided that (A) Tenant notifies Landlord of any such assignment or sublease and promptly supplies Landlord with any documents or information requested by Landlord regarding such assignment or sublease or such affiliate, (B) such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, (C) such Permitted Transferee shall be of a character and reputation consistent with the quality of the Building, and (D) such Permitted Transferee described in subpart (ii) or (iii) above shall have a tangible net worth (not including goodwill as an asset) computed in accordance with generally accepted accounting principles ("Net Worth") at least equal to the Net Worth of Tenant on the day immediately preceding the effective date of such assignment or sublease. An assignee of Tenant’s entire interest that is also a Permitted Transferee may also be known as a “Permitted Assignee”. “Control,” as used in this Section 14.8, shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity. No such permitted assignment or subletting shall serve to release Tenant from any of its obligations under this Lease.

15. **SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES**

15.1 **Surrender of Premises.** No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such subleases or subtenancies.

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15.2 **Removal of Tenant Property by Tenant.** Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear, damage caused by casualty, repairs required as a result of condemnation, and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, free-standing cabinet work, movable partitions (but not demountable walls) and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal.

15.3 **Environmental Assessment.** In connection with its surrender of the Premises, Tenant shall submit to Landlord, at least fifteen (15) days prior to the expiration date of this Lease (or in the event of an earlier termination of this Lease, as soon as reasonably possible following such termination), an environmental Assessment of the Premises by a competent and experienced environmental engineer or engineering firm reasonably satisfactory to Landlord (pursuant to a contract approved by Landlord and providing that Landlord can rely on the Environmental Assessment). If such Environmental Assessment reveals that remediation or Clean-up is required under any Environmental Laws that Tenant is responsible for under this Lease, Tenant shall submit a remediation plan prepared by a recognized environmental consultant and shall be responsible for all costs of remediation and Clean-up, as more particularly provided in Section 5.3, above.

15.4 **Condition of the Building and Premises Upon Surrender.** In addition to the above requirements of this Article 15, upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, surrender the Premises and Building with Tenant having complied with all of Tenant’s obligations under this Lease, including those relating to improvement, repair, maintenance, compliance with law, testing and other related obligations of Tenant set forth in Article 15 of this Lease. In the event that the Building and Premises shall be surrendered in a condition which does not comply with the terms of this Section 15.4, because Tenant failed to comply with its obligations set forth in Lease, then following thirty (30) days notice to Tenant, during which thirty (30) day period Tenant shall have the right to cure such noncompliance, Landlord shall be entitled to expend all reasonable costs in order to cause the same to comply with the required condition upon surrender and Tenant shall immediately reimburse Landlord for all such costs upon notice and, commencing on the later of the termination of this Lease and three (3) business days after Landlord’s delivery of notice of such failure and that it elects to treat such failure as a holdover, Tenant shall be deemed during the period that Tenant or Landlord, as the case may be, perform obligations relating to the Surrender Improvements to be in holdover under Article 16 of this Lease.

16. **HOLDING OVER.** If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, with the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term. If Tenant holds over after the expiration of the Lease Term of earlier termination thereof, without the express or implied consent of Landlord, such tenancy shall be deemed to be a tenancy by sufferance only, and shall not constitute a renewal hereof or an extension for any further term. In either case, Base Rent shall be payable at a monthly rate equal to one hundred fifty percent (150%) of the Base Rent applicable during the last rental period of the Lease Term under this Lease. Such month-to-month tenancy or tenancy by sufferance, as the case may be, shall be subject to every other applicable term, covenant and agreement contained herein. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys’ fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and any lost profits to Landlord resulting therefrom.

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17. **ESTOPPEL CERTIFICATES.** Within ten (10) business days following a request in writing by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of Exhibit D, attached hereto (or such other form as may be reasonably required by any prospective mortgagee or purchaser of the Project, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord’s mortgagee or prospective mortgagee. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. At any time during the Lease Term, in connection with a sale or financing of the Building by Landlord, Landlord may require Tenant to provide Landlord with its most recent annual financial statement and annual financial statements of the preceding two (2) years. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. Landlord shall hold such statements confidential. Failure of Tenant to timely execute, acknowledge and deliver such estoppel certificate or other instruments shall constitute an acceptance of the Premises and an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct, without exception.

18. **SUBORDINATION.** Landlord hereby represents and warrants to Tenant that the Project is not currently subject to any ground lease, or to the lien of any mortgage or deed of trust. This Lease shall be subject and subordinate to all future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto. The subordination of this Lease to any such future ground or underlying leases of the Building or Project or to the lien of any mortgage, trust deed or other encumbrances, shall be subject to Tenant’s receipt of a commercially reasonable subordination, non-disturbance, and attornment agreement in favor of Tenant. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, provided such lienholder or purchaser or ground lessor shall agree to accept this Lease and not disturb Tenant’s occupancy, so long as Tenant timely pays the rent and observes and performs the terms, covenants and conditions of this Lease to be observed and performed by Tenant. Landlord’s interest herein may be assigned as security at any time to any lienholder. Tenant shall, within ten (10) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

19. **DEFAULTS; REMEDIES**

19.1 **Events of Default.** The occurrence of any of the following shall constitute a default of this Lease by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due unless such failure is cured within five (5) business days after notice; or

19.1.2 Except where a specific time period is otherwise set forth for Tenant’s performance in this Lease, in which event the failure to perform by Tenant within such time period shall be a default by Tenant under this Section 19.1.2, any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof.
notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default; or

19.1.3 Abandonment or vacation of all or a substantial portion of the Premises by Tenant while Tenant is in default under the Lease; or

19.1.4 The failure by Tenant to observe or perform according to the provisions of Articles 5, 14, 17 or 18 of this Lease where such failure continues for more than five (5) business days after notice from Landlord.

19.2 Remedies Upon Default. Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor, and Landlord may recover from Tenant the following:

(i) The worth at the time of award of the unpaid rent which has been earned at the time of such termination; plus

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

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

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

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

The term “rent” as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 19.2.1(i) and (ii), above, the “worth at the time of award” shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Section 19.2(iii) above, the “worth at the time of award” shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee’s breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

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19.2.3 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Sections 19.2.1 and 19.2.2, above, or any law or other provision of this Lease), without prior demand or notice except as required by applicable law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

19.3 Subleases of Tenant. Whether or not Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord’s sole discretion, succeed to Tenant’s interest in such subleases, licenses, concessions or arrangements. In the event of Landlord’s election to succeed to Tenant’s interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.4 Efforts to Relet. No re-entry, repairs, maintenance, changes, alterations and additions, appointment of a receiver to protect Landlord’s interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant’s right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant’s obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant.

20. COVENANT OF QUIET ENJOYMENT Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

21. LEASE SECURITY

21.1 Security Deposit. Concurrently with Tenant’s execution of this Lease, Tenant shall pay to Landlord a security deposit (the “Security Deposit”) in the amount set forth in Section 8 of the Summary, as security for the faithful performance by Tenant of all of its obligations under this Lease (unless Tenant elects to provide a letter of credit as provided in Section 21.2, below). If Tenant defaults with respect to any provisions of this Lease, including, but not limited to, the provisions relating to the payment of Rent, the removal of property and the repair of resultant damage, Landlord may, without notice to Tenant, but shall not be required to apply all or any part of the Security Deposit for the payment of any Rent or any other sum in default and Tenant shall, upon demand therefor, restore the Security Deposit to its original amount. Any unapplied portion of the Security Deposit shall be returned to Tenant, or, at Landlord’s option, to the last assignee of Tenant’s interest hereunder, within sixty (60) days following the expiration of the Lease Term. Tenant shall not be entitled to any interest on the Security Deposit. Tenant hereby irrevocably waives and relinquishes any and all rights, benefits, or protections, if any, Tenant now has, or in the future may have, under Section 1950.7 of the California Civil Code, any successor statute, and all other provisions of law, now or hereafter in effect, including, but not limited to, any provision of law which (i) establishes the time frame by which a landlord must refund a security deposit under a lease, or (ii) provides that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant, or to clean the subject premises. Tenant acknowledges and agrees that (A) any statutory time frames for the return of a security deposit are superseded by the express period identified in this Article 21, above, and (B) rather than be so limited, Landlord may claim from the Security Deposit (x) any and all sums expressly identified in this Article 21, above, and (y) any additional sums reasonably necessary to compensate Landlord for any and all losses or damages caused by Tenant’s default of this Lease, including, but not limited to, all damages or rent due upon termination of this Lease pursuant to Section 1951.2 of the California Civil Code.

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21.2 **Delivery of Letter or Credit** In lieu of a cash Security Deposit, Tenant may deliver to Landlord an unconditional, clean, irrevocable letter of credit (the “L-C”) in the amount set forth in Section 8 of the Summary (the “L-C Amount”), which L-C shall be issued by a money-center, solvent and nationally recognized bank (a bank which accepts deposits, maintains accounts, has a local San Francisco Bay Area office which will negotiate a letter of credit, and whose deposits are insured by the FDIC) reasonably acceptable to Landlord (such approved, issuing bank being referred to herein as the “Bank”), which Bank must have a rating from Standard and Poor’s Corporation of A- or better (or any equivalent rating thereto from any successor or substitute rating service selected by Lessor) and a letter of credit issuer rating from Moody’s Investor Service of A3 or better (or any equivalent rating thereto from any successor rating agency thereto) (collectively, the “Bank’s Credit Rating Threshold”), and which L-C shall be in the form of Exhibit H, attached hereto. Notwithstanding the foregoing, Landlord hereby approves Silicon Valley Bank as the Bank. Tenant shall pay all expenses, points and/or fees incurred by Tenant in obtaining the L-C. The L-C shall (i) be “callable” at sight, irrevocable and unconditional, (ii) be maintained in effect, whether through renewal or extension, for the period commencing on the date of this Lease and continuing until the date (the “L-C Expiration Date”) that is no less than sixty (60) days after the expiration of the Lease Term as the same may be extended, and Tenant shall deliver a new L-C or certificate of renewal or extension to Landlord at least thirty (30) days prior to the expiration of the L-C then held by Landlord, without any action whatsoever on the part of Landlord, (iii) be fully assignable by Landlord, its successors and assigns, (iv) permit partial draws and multiple presentations and drawings, and (v) be otherwise subject to the International Standby Practices-ISP 98, International Chamber of Commerce Publication #590. Landlord, or its then managing agent, shall have the right to draw down an amount up to the face amount of the L-C if any of the following shall have occurred or be applicable: (A) such amount is due to Landlord under the terms and conditions of this Lease, and has not been paid within applicable notice and cure periods, or (B) Tenant has filed a voluntary petition under the U.S. Bankruptcy Code or any state bankruptcy code (collectively, “Bankruptcy Code”), or (C) an involuntary petition has been filed against Tenant under the Bankruptcy Code that is not dismissed within thirty (30) days, or (D) the Bank has notified Landlord that the L-C will not be renewed or extended through the L-C Expiration Date, and Tenant has not provided a replacement L-C that satisfies the requirements of this Lease at least thirty (30) days prior to such expiration, or (E) Tenant is placed into receivership or conservatorship, or becomes subject to similar proceedings under Federal or State law, or (F) Tenant executes an assignment for the benefit of creditors, or (G) if (1) any of the Bank’s (other than Silicon Valley Bank) Fitch Ratings (or other comparable ratings to the extent the Fitch Ratings are no longer available) have been reduced below the Bank’s Credit Rating Threshold, or (2) there is otherwise a material adverse change in the financial condition of the Bank (other than Silicon Valley Bank), and Tenant has failed to provide Landlord with a replacement letter of credit, conforming in all respects to the requirements of this Article 21 (including, but not limited to, the requirements placed on the issuing Bank more particularly set forth in this Section 21.1 above), in the amount of the applicable L-C Amount, within ten (10) days following Landlord’s written notice therefor (with no other notice or cure or grace period being applicable thereto, notwithstanding anything in this Lease to the contrary) (each of the foregoing being an “L-C Draw Event”). The L-C shall be honored by the Bank regardless of whether Tenant disputes Landlord’s right to draw upon the L-C. In addition, in the event the Bank is placed into receivership or conservatorship by the Federal Deposit Insurance Corporation or any successor or similar entity, then, effective as of the date such receivership or conservatorship occurs, said L-C shall be deemed to fail to meet the requirements of this Article 21, and, within ten (10) days following Landlord’s notice to Tenant of such receivership or conservatorship (the “L-C FDIC Replacement Notice”), Tenant shall replace such L-C with a substitute letter of credit from a different issuer (which issuer shall meet or exceed the Bank’s Credit Rating Threshold and shall otherwise be acceptable to Landlord in its reasonable discretion) and that complies in all respects with the requirements of this Article 21. If Tenant fails to replace such L-C with such conforming, substitute letter of credit pursuant to the terms and conditions of this Section 21.1, then, notwithstanding anything in this Lease to the contrary, Landlord shall have the right to declare Tenant in default of this Lease for which there shall be no notice or grace or cure periods being applicable thereto (other than the aforesaid ten (10) day period). Tenant shall be responsible for the payment of any and all Tenant’s and Bank’s costs incurred with the review of any replacement L-C, which replacement is required pursuant to this Section or is otherwise requested by Tenant.  

21.3 **Application of L-C** Tenant hereby acknowledges and agrees that Landlord is entering into this Lease in material reliance upon the ability of Landlord to draw upon the L-C upon the occurrence of any L-C Draw Event. In the event of any L-C Draw Event, Landlord may, but without obligation to do so, and without notice to Tenant, draw upon the L-C, in part or in whole, in the amount necessary to cure any such L-C Draw Event and/or to compensate Landlord for any and all damages of any kind or nature sustained or which Landlord reasonably
estimates that it will sustain resulting from Tenant’s breach or default of the Lease or other L-C Draw Event and/or to compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in Section 15951.2 of the California Civil Code. The use, application or retention of the L-C, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by any applicable law, it being intended that Landlord shall not first be required to proceed against the L-C, and such L-C shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled.

Tenant agrees not to interfere in any way with payment to Landlord of the proceeds of the L-C, either prior to or following a “draw” by Landlord of any portion of the L-C, regardless of whether any dispute exists between Tenant and Landlord as to Landlord’s right to draw upon the L-C. No condition or term of this Lease shall be deemed to render the L-C conditional to justify the issuer of the L-C in failing to honor a drawing upon such L-C in a timely manner. Tenant agrees and acknowledges that (i) the L-C constitutes a separate and independent contract between Landlord and the Bank, (ii) Tenant is not a third party beneficiary of such contract, (iii) Tenant has no property interest whatsoever in the L-C or the proceeds thereof, and (iv) in the event Tenant becomes a debtor under any chapter of the Bankruptcy Code, Tenant is placed into receivership or conservatorship, and/or there is an event of a receivership, conservatorship or a bankruptcy filing by, or on behalf of, Tenant, then Tenant’s bankruptcy estate shall have any right to restrict or limit Landlord’s claim and/or rights to the L-C and/or the proceeds thereof by application of Section 502(b)(6) of the U.S. Bankruptcy Code or otherwise. In the event of an assignment by Tenant of its interest in this Lease (and irrespective of whether Landlord’s consent is required for such assignment), the acceptance of any replacement or substitute L-C by Landlord from the assignee shall be subject to Landlord’s prior written approval, in Landlord’s reasonable discretion, and the actual and reasonable attorney’s fees incurred by Landlord in connection with such determination shall be payable by Tenant to Landlord within ten (10) days of billing.

21.4 **L-C Amount; Maintenance of L-C by Tenant.** If, as a result of any drawing by Landlord of all or any portion of the L-C, the amount of the L-C shall be less than the L-C Amount, Tenant shall, within five (5) days thereafter, provide Landlord with additional letter(s) of credit in an amount equal to the deficiency, and any such additional letter(s) of credit shall comply with all of the provisions of this Article 21. Tenant further covenants and warrants that it will neither assign nor encumber the L-C or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. Without limiting the generality of the foregoing, if the L-C expires earlier than the L-C Expiration Date, Landlord will accept a renewal thereof (such renewal letter of credit to be in effect and delivered to Landlord, as applicable, not later than thirty (30) days prior to the expiration of the L-C), which shall be irrevocable and automatically renewable as above provided through the L-C Expiration Date upon the same terms as the expiring L-C or such other terms as may be acceptable to Landlord in its sole discretion. However, if the L-C is not timely renewed, or if Tenant fails to maintain the L-C in the amount and in accordance with the terms set forth in this Article 21, Landlord shall have the right to either present the L-C to the Bank in accordance with the terms of this Article 21, and the proceeds of the L-C may be applied by Landlord against any Rent payable by Tenant under this Lease that is not paid when due and/or to pay for all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it will suffer as a result of any breach or default by Tenant under this Lease. In the event Landlord elects to exercise its rights under the foregoing, (I) any unused proceeds shall constitute the property of Landlord (and not Tenant’s property or, in the event of a receivership, conservatorship, or a bankruptcy filing by Tenant, property of such receivership, conservatorship or Tenant’s bankruptcy estate) and need not be segregated from Landlord’s other assets, and (II) Landlord agrees to pay to Tenant within thirty (30) days after the L-C Expiration Date the amount of any proceeds of the L-C received by Landlord and not applied against any Rent payable by Tenant under this Lease that was not paid when due or used to pay for any losses and/or damages suffered by Landlord (or reasonably estimated by Landlord that it will suffer) as a result of any breach or default by Tenant under this Lease; provided, however, that if prior to the L-C Expiration Date a voluntary petition is filed by Tenant, or an involuntary petition is filed against Tenant by any of Tenant’s creditors, under the Bankruptcy Code, then Landlord shall not be obligated to make such payment in the amount of the unused L-C proceeds until either all preference issues relating to payments under this Lease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has been dismissed. Notwithstanding anything to the contrary herein, if Landlord draws on the L-C due to Tenant’s violation of this Lease beyond applicable notice and cure periods, such draw shall be in the amount required to cure such default. In addition, if Landlord draws on the L-C due to Tenant’s failure to timely renew or provide a replacement L-C, such failure shall not be considered a default under this Lease and Landlord shall return such cash proceeds upon Tenant’s presentation of a replacement L-C that satisfies the requirements of this Lease, subject to reasonable satisfaction of any preference risk to Landlord.

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21.5 **Transfer and Encumbrance.** The L-C shall also provide that Landlord may, at any time and without notice to Tenant and without first obtaining Tenant’s consent thereto, transfer (one or more times) all or any portion of its interest in and to the L-C to another party, person or entity, regardless of whether or not such transfer is from or as a part of the assignment by Landlord of its rights and interests in and to this Lease. In the event of a transfer of Landlord’s interest in under this Lease, Landlord shall transfer the L-C, in whole or in part, to the transferee and thereupon Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole of said L-C to a new landlord. In connection with any such transfer of the L-C by Landlord, Tenant shall, at Tenant’s sole cost and expense, execute and submit to the Bank such applications, documents and instruments as may be necessary to effectuate such transfer and, Tenant shall be responsible for paying the Bank’s transfer and processing fees in connection therewith.

21.6 **L-C Not a Security Deposit.** Landlord and Tenant (1) acknowledge and agree that in no event or circumstance shall the L-C or any renewal thereof or substitute thereof or any proceeds thereof be deemed to be or treated as a “security deposit” under any law applicable to security deposits in the commercial context, including, but not limited to, Section 1950.7 of the California Civil Code, as such Section now exists or as it may be hereafter amended or succeeded (the “Security Deposit Laws”), (2) acknowledge and agree that the L-C (including any renewal thereof or substitute thereof or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have no applicability or relevancy thereto, and (c) waive any and all rights, duties and obligations that any such party may now, or in the future will, have relating to or arising from the Security Deposit Laws. Tenant hereby irrevocably waives and relinquishes the provisions of Section 1950.7 of the California Civil Code and any successor statute, and all other provisions of law, now or hereafter in effect, which (x) establish the time frame by which a landlord must refund a security deposit under a lease, and/or (y) provide that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises, it being agreed that Landlord may, in addition, claim those sums specified in this Article 21 and/or those sums reasonably necessary to (a) compensate Landlord for any loss or damage caused by Tenant’s breach of this Lease, including any damages Landlord suffers following termination of this Lease, and/or (b) compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in Section 1951.2 of the California Civil Code.

21.7 **Non-Interference By Tenant.** Tenant agrees not to interfere in any way with any payment to Landlord of the proceeds of the L-C, either prior to or following a “draw” by Landlord of all or any portion of the L-C, regardless of whether any dispute exists between Tenant and Landlord as to Landlord’s right to draw down all or any portion of the L-C. No condition or term of this Lease shall be deemed to render the L-C conditional and thereby afford the Bank a justification for failing to honor a drawing upon such L-C in a timely manner. Tenant’s sole remedy in connection with the improper presentation or payment of sight drafts drawn under any L-C shall be the right to obtain from Landlord a refund of the amount of any sight draft(s) that were improperly presented or the proceeds of which were misapplied and reasonable actual out-of-pocket attorneys’ fees, provided that at the time of such refund, Tenant increases the amount of such L-C to the amount (if any) then required under the applicable provisions of this Lease. Tenant acknowledges that the presention of sight drafts drawn under any L-C, or the Bank’s payment of sight drafts drawn under such L-C, could not under any circumstances cause Tenant injury that could not be remedied by an award of money damages, and that the recovery of money damages would be an adequate remedy therefor. In the event Tenant shall be entitled to a refund as aforesaid and Landlord shall fail to make such payment within ten (10) business days after demand, Tenant shall have the right to deduct the amount thereof from the next installment(s) of Base Rent.

22. **COMMUNICATIONS AND COMPUTER LINE.** Tenant may install, maintain, replace, remove or use any communications or computer wires and cables serving the premises (collectively, the “Lines”), provided that Tenant shall obtain Landlord’s prior written consent, use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of Articles 7 and 8 of this lease. Tenant shall pay all costs in connection therewith. Landlord reserves the right, upon notice to Tenant prior to the expiration or earlier termination of this Lease, to require that Tenant, at Tenant’s sole cost and expense, remove any Lines located in or serving the Premises prior to the expiration or earlier termination of this Lease.

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23. SIGNS

23.1 Exterior Signage. Subject to Landlord’s prior written approval, which shall not be unreasonably withheld, conditioned or delayed, and provided all signs are in keeping with the quality, design and style of the Building and Project, Tenant, at its sole cost and expense, may install (i) identification signage on the existing monument sign located on the exterior of the Building (which monument Landlord shall install at its sole cost prior to the Lease Commencement Date), (ii) in a prominent location(s) on the exterior of the Building, and (iii) internal directional and lobby identification signage (collectively, “Tenant Signage”); provided, however, in no event shall Tenant’s Signage include an “Objectionable Name,” as that term is defined in Section 23.3, of this Lease. All such signage shall be subject to Tenant’s obtaining all required governmental approvals. All permitted signs shall be maintained by Tenant at its expense in a first-class and safe condition and appearance. Upon the expiration or earlier termination of this Lease, Tenant shall remove all of its signs at Tenant’s sole cost and expense. The graphics, materials, color, design, lettering, lighting, size, illumination, specifications and exact location of Tenant’s Signage (collectively, the “Sign Specifications”) shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be consistent and compatible with the quality and nature of the Project. Tenant hereby acknowledges that, notwithstanding Landlord’s approval of Tenant’s Signage, Landlord has made no representation or warranty to Tenant with respect to the probability of obtaining all necessary governmental approvals and permits for Tenant’s Signage. In the event Tenant does not receive the necessary governmental approvals and permits for Tenant’s Signage, Tenant’s and Landlord’s rights and obligations under the remaining TCCs of this Lease shall be unaffected. Except as required by applicable law, Landlord shall not install any other signage on the Building. If Landlord elects to install a multi-tenant identification sign at the entrance to the Project, Tenant shall be entitled to install its name on such sign (subject to availability on a pro-rata basis based on the relative square footages leased by the tenants of the Project), at Tenant’s sole cost and expense.

23.2 Objectionable Name. Tenant’s Signage shall not include a name or logo which relates to an entity which is of a character or reputation, or is associated with a political faction or orientation, which is inconsistent with the quality of the Project, or which would otherwise reasonably offend a landlord of the Comparable Buildings (an “Objectionable Name”). Landlord agrees that “Flexus Biosciences, Inc.” or “Flexus” is not an Objectionable Name.

23.3 Prohibited Signage and Other Items. Any signs, notices, logos, pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Premises or Building, shall be subject to the prior approval of Landlord, in its sole discretion.

24. COMPLIANCE WITH LAW. Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated. At its sole cost and expense, Tenant shall promptly comply with all such governmental measures. Should any standard or regulation now or hereafter be imposed on Landlord or Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations. Tenant shall be responsible, at its sole cost and expense, to make all alterations to the Building and Premises as are required to comply with the governmental rules, regulations, requirements or standards described in this Article 24. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant. Tenant’s obligations under this Article 24 are subject to the limitation in Section 10.2, above.
25. LATE CHARGES If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord’s designee within five (5) business days after Tenant’s receipt of written notice from Landlord that said amount is delinquent, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount plus any reasonable attorneys’ fees incurred by Landlord by reason of Tenant’s failure to pay Rent and/or other charges when due hereunder. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord’s other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord’s remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within ten (10) days after Tenant’s receipt of written notice that said amount is delinquent shall bear interest from the date when due until paid at a rate per annum equal to the lesser of (i) the annual “Bank Prime Loan” rate cited in the Federal Reserve Statistical Release Publication G.13(415), published on the first Tuesday of each calendar month (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published) plus four (4) percentage points, and (ii) the highest rate permitted by applicable law.

26. LANDLORD’S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

26.1 Landlord’s Cure. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant’s sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under Section 19.1.2, above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant’s part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 Tenant’s Reimbursement. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, upon delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remediing by Landlord of Tenant’s defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 10 of this Lease; and (iii) subject to Section 29.21, sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all reasonable legal fees and other amounts so expended. Tenant’s obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

27. ENTRY BY LANDLORD. Landlord reserves the right at all reasonable times and upon reasonable notice to Tenant (except in the case of an Emergency) to enter the Premises to: (i) inspect them; (ii) show the Premises to prospective purchasers, or to current or prospective mortgagees, ground or underlying lessors or insurers or, during the last nine (9) months of the Lease Term, to prospective tenants; (iii) post notices of nonresponsibility (to the extent applicable pursuant to then applicable law); or (iv) repair the Premises or the Building, or for structural repairs to the Building or the Building’s systems and equipment as provided under the Lease. Landlord may make any such entries without the abatement of Rent, except as otherwise provided in this Lease, and may take such reasonable steps as required to accomplish the stated purposes. In an Emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. Landlord shall use commercially reasonable efforts to minimize any interference with Tenant’s use of or access to the Premises in connection with any such entry, and shall comply with Tenant’s reasonable security measures. Landlord shall hold confidential any information regarding Tenant’s business that it may learn as a result of such entry.

28. TENANT PARKING. Tenant shall have the right, without the payment of any parking charge or fee (other than as a reimbursement of operating expenses to the extent allowed pursuant to the terms or Article 4 of this Lease, above), commencing on the Lease Commencement Date, to use the amount of parking set forth in Section 9 of the Summary, in the on-site parking lot which serves the Building. Tenant shall abide by all reasonable rules and regulations which are prescribed from time to time for the orderly operation and use of the parking facility where the
parking passes are located (including any sticker or other identification system established by Landlord and the prohibition of vehicle repair and maintenance activities in the parking facilities), and shall cooperate in seeing that Tenant’s employees and visitors also comply with such rules and regulations. Tenant’s use of the Project parking facility shall be at Tenant’s sole risk and Tenant acknowledges and agrees that Landlord shall have no liability whatsoever for damage to the vehicles of Tenant, its employees and/or visitors, or for any personal injury or property damage or theft relating to or connected with the parking rights granted herein or any of Tenant’s, its employees’ and/or visitors’ use of the parking facilities. Tenant shall have the right to designate and mark up to five (5) parking spaces near the entrance to the Premises as reserved for Tenant’s visitors or employees (subject to Landlord’s reasonable prior approval of the spaces and of the method and content of such markings). Landlord shall not oversubscribe parking.

29. MISCELLANEOUS PROVISIONS

29.1 Terms; Captions. The words “Landlord” and “Tenant” as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 Binding Effect. Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 No Air Rights. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant’s obligations under this Lease.

29.4 Modification of Lease. Should any current or prospective mortgagee or ground lessor for the Building or Project require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder or interfere with Tenant’s use of the Premises, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute whatever documents are reasonably required therefor and to deliver the same to Landlord within ten (10) business days following a request therefor. At the request of Landlord or any mortgagee or ground lessor, Tenant agrees to execute a short form of Lease and deliver the same to Landlord within ten (10) business days following the request therefor.

29.5 Transfer of Landlord's Interest. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease and Tenant agrees to look solely to such transferee for the performance of Landlord’s obligations hereunder accruing after the date of transfer provided such transferee shall have fully assumed and agreed in writing to be liable for all obligations of this Lease to be performed by Landlord, including the return of any Security Deposit, and Tenant shall attorn to such transferee.

29.6 Prohibition Against Recording. Except as provided in Section 29.4 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant.

29.7 Landlord’s Title. Landlord’s title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.
29.8 **Relationship of Parties.** Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.9 **Payment under Protest.** If Tenant in good faith disputes any amounts billed by Landlord, other than (i) Base Rent, (ii) Tenant’s Share of Direct Expenses (as to which Tenant may exercise its rights under Section 4.6, above), Tenant may make payment of such amounts under protest, and reserve all of its rights with respect to such amounts (the “Disputed Amounts”). Landlord and Tenant shall meet and confer to discuss the Disputed Amounts and attempt, in good faith, to resolve the particular dispute. If, despite such good faith efforts, Landlord and Tenant are unable to reach agreement regarding the Disputed Amounts, either party may submit the matter to binding arbitration under the JAMS Streamlined Arbitration Rules & Procedures. The non-prevailing party, as determined by JAMS, will be responsible to pay all fees and costs incurred in connection with the JAMS procedure, as well as all other costs and expenses, including reasonable attorneys’ fees, incurred by the prevailing party. This Section 29.9 shall not apply to claims relating to Landlord’s exercise of any unlawful detainer rights pursuant to California law or rights or remedies used by Landlord to gain possession of the Premises or terminate Lessee’s right of possession to the Premises.

29.10 **Time of Essence.** Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.11 **Partial Invalidity.** If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 **No Warranty.** In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not

29.13 **Landlord Exculpation.** The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord’s operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount which is equal to the lesser of (a) the interest of Landlord in the Project or (b) the equity interest Landlord would have in the Project if the Project were encumbered by third-party debt in an amount equal to eighty percent (80%) of the value of the Project (as such value is determined by Landlord), including any rental, condemnation, sales and insurance proceeds received by Landlord or the Landlord Parties in connection with the Project, Building or Premises. No Landlord Parties (other than Landlord) shall have any personal liability therefor, and Tenant hereby expressly waives and releases such liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord’s and the Landlord Parties’ present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), have any liability for the performance of Landlord’s obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for injury or damage to, or interference with, Tenant’s business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring, or loss to inventory, scientific research, scientific experiments, laboratory animals, products, specimens, samples, and/or scientific, business, accounting and other records of every kind and description kept at the premises and any and all income derived or derivable therefrom.

29.14 **Entire Agreement.** It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties’ entire agreement with respect to the
leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.15 **Right to Lease.** Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

29.16 **Force Majeure.** Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, terrorist acts, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, a "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party’s performance caused by a Force Majeure, provided, however, the foregoing delays shall not apply to Tenant’s termination rights hereunder.

29.17 **Intentionally Omitted.**

29.18 **Notices.** All notices, demands, statements, designations, approvals or other communications (collectively, "**Notices**") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) sent by United States certified or registered mail, postage prepaid, return receipt requested ("**Mail**"), (B) delivered by a nationally recognized overnight courier, or (C) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant at the appropriate address set forth in Section 10 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord, or to Landlord at the addresses set forth below, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) three (3) business days after the date it is posted if sent by Mail, (ii) the date the overnight courier delivery is made, or (iii) the date personal delivery is made. As of the date of this Lease, any Notices to Landlord must be sent, transmitted, or delivered, as the case may be, to the following addresses:

- **HCP, Inc.**
  1920 Main Street, Suite 1200
  Irvine, CA 92614
  Attention: Legal Department

  with a copy to:

- **HCP Life Science Estates**
  400 Oyster Point Boulevard, Suite 409
  South San Francisco, CA 94080
  Attention: Jonathan M. Bergschneider

and

- **Allen Matkins Leck Gamble Mallory & Natsis LLP**
  1901 Avenue of the Stars, Suite 1800
  Los Angeles, California 90067
  Attention: Anton N. Natsis, Esq.

- **HCP, INC.**
  [Eccles Business Park]
  [Flexus Biosciences, Inc.]
29.19 **Joint and Several.** If there is more than one tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.20 **Authority.** If Tenant is a corporation, trust or partnership, Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in the State of California and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so.

29.21 **Attorneys’ Fees.** In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys’ fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

29.22 **Governing Law; WAIVER OF TRIAL BY JURY.** This Lease shall be construed and enforced in accordance with the laws of the State of California. In any action or proceeding arising here from, Landlord and Tenant hereby consent to (I) the jurisdiction of any competent court within the State of California, (II) service of process by any means authorized by California law, and (III) in the interest of saving time and expense, trial without a jury in any action, proceeding or counter claim brought by either of the parties hereto against the other or their successors in respect of any matter arising out of or in connection with this Lease, the relationship of Landlord and Tenant, Tenant’s use or occupancy of the Premises, and/or any claim for injury or damage, or any emergency or statutory remedy. In the event Landlord commences any summary proceedings or action for nonpayment of base rent or additional rent, Tenant shall not interpose any counter claim of any nature or description (unless such counter claim shall be mandatory) in any such proceeding or action, but shall be relegated to an independent action at law.

29.23 **Submission of Lease.** Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 **Brokers.** Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 12 of the Summary (the “Brokers”), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys’ fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. The terms of this Section 29.24 shall survive the expiration or earlier termination of the Lease Term.

29.25 **Independent Covenants.** This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord’s expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

29.26 **Project or Building Name, Address and Signage.** Landlord shall have the right at any time to change the name and/or address of the Project or Building (and Landlord shall reimburse Tenant its actual, reasonable costs incurred as a result of such change, if any) and, subject to Section 23.1, to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord’s sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord.

HCP, INC.
[Eccles Business Park]
Flexus Biosciences, Inc.

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29.27 **Counterparts.** This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

29.28 **Good Faith.** Except (i) for matters for which there is a standard of consent or discretion specifically set forth in this Lease; (ii) matters which could have an adverse effect on the Building Structure or the Building Systems, or which could affect the exterior appearance of the Building, or (iii) matters covered by Article 4 (Additional Rent), or Article 19 (Defaults; Remedies) of this Lease (collectively, the “Excepted Matters”), any time the consent of Landlord or Tenant is required, such consent shall not be unreasonably withheld or delayed, and, except with regard to the Excepted Matters, whenever this Lease grants Landlord or Tenant the right to take action, exercise discretion, establish rules and regulations or make an allocation or other determination, Landlord and Tenant shall act reasonably and in good faith.

29.29 **Development of the Project.**

29.29.1 **Subdivision.** Landlord reserves the right to subdivide all or a portion of the buildings and Common Areas, so long as the same does not interfere with Tenant’s use of or access to the Premises or Tenant’s parking rights. Tenant agrees to execute and deliver, upon demand by Landlord and in the form requested by Landlord, any additional documents needed to conform this Lease to the circumstances resulting from a subdivision and any all maps in connection therewith, so long as the same does not increase Tenant’s obligations or decrease Tenant’s rights under this Lease. Notwithstanding anything to the contrary set forth in this Lease, the separate ownership of any buildings and/or Common Areas by an entity other than Landlord shall not affect the calculation of Direct Expenses or Tenant’s payment of Tenant’s Share of Direct Expenses.

29.29.2 **Construction of Property and Other Improvements.** Tenant acknowledges that portions of the Project may be under construction following Tenant’s occupancy of the Premises, and that such construction may result in levels of noise, dust, obstruction of access, etc. which are in excess of that present in a fully constructed project. Tenant hereby waives any and all rent offsets or claims of constructive eviction which may arise in connection with such construction, so long as the same does not interfere with Tenant’s use of or access to the Premises or Tenant’s parking rights.

29.30 **No Violation.** Tenant hereby warrants and represents that neither its execution of nor performance under this Lease shall cause Tenant to be in violation of any agreement, instrument, contract, law, rule or regulation by which Tenant is bound, and Tenant shall protect, defend, indemnify and hold Landlord harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys’ fees and costs, arising from Tenant’s breach of this warranty and representation.

29.31 **Transportation Management.** Tenant shall fully comply with all present or future programs intended to manage parking, transportation or traffic in and around the Project and/or the Building, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities. Such programs may include, without limitation: (i) restrictions on the number of peak-hour vehicle trips generated by Tenant; (ii) increased vehicle occupancy; (iii) implementation of an in-house ridesharing program and an employee transportation coordinator; (iv) working with employees and any Project, Building or area-wide ridesharing program manager; (v) instituting employer-sponsored incentives (financial or in-kind) to encourage employees to rideshare; and (vi) utilizing flexible work shifts for employees.
IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

LANDLORD:

HCP, INC.,
a Delaware corporation

By: /s/ Jonathan M. Bergschneider
Jonathan M. Bergschneider
Executive Vice President

TENANT:

FLEXUS BIOSCIENCES, INC.,
a Delaware corporation

By: /s/ Juan C. Jaen
Juan C. Jaen
PRESIDENT

By: ____________________________
Name: ____________________________
Its: ____________________________

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[Flexus Biosciences, Inc.]
1. **Defined Terms.** As used in this Tenant Work Letter, the following capitalized terms have the following meanings:
   
   (a) **Approved Plans:** Plans and specifications prepared by the applicable Architect for the respective Tenant Improvements and approved by Landlord and Tenant in accordance with Paragraph 2 of this Tenant Work Letter, subject to further modification from time to time to the extent provided in and in accordance with such Paragraph 2.
   
   (b) **Architect:** DGA, or any other architect selected by Landlord in its reasonable discretion, with respect to any Tenant Improvements which Landlord is to cause to be constructed pursuant to this Tenant Work Letter.
   
   (c) **Tenant Change Request:** See definition in Paragraph 2(c)(ii) hereof.
   
   (d) **Landlord’s Final Working Drawings:** See definition in Paragraph 2(a) hereof.
   
   (e) **General Contractor:** Hathaway Dinwiddie, or another general contractor reasonably selected by Landlord with respect to Landlord’s TI Work. Tenant shall have no right to direct or control such General Contractor.
   
   (f) **Landlord’s TI Work:** Any Tenant Improvements which Landlord is to construct or install pursuant to this Tenant Work Letter or by mutual agreement of Landlord and Tenant from time to time.
   
   (g) **Project Manager:** Project Management Advisors, Inc., or any other project manager designated by Landlord in its reasonable discretion from time to time to act in a supervisory, oversight, project management or other similar capacity on behalf of Landlord in connection with the design and/or construction of the Tenant Improvements.
   
   (h) **Punch List Work:** Minor corrections of construction or decoration details, and minor mechanical adjustments, that are required in order to cause any applicable portion of the Tenant Improvements as constructed to conform to the Approved Plans in all material respects and that do not materially interfere with Tenant’s use or occupancy of the Building and the Premises.
   
   (i) **Substantial Completion Certificate:** See definition in Paragraph 3(a) hereof.
   
   (j) **Tenant Delay:** Any of the following types of delay in the completion of construction of Landlord’s TI Work (but in each instance, only to the extent that any of the following has actually and proximately caused substantial completion of Landlord’s TI Work to be delayed):
      
      (i) Any delay resulting from Tenant’s failure to furnish, in a timely manner, information reasonably requested by Landlord or by Landlord’s Project Manager in connection with the design or construction of Landlord’s TI Work, or from Tenant’s failure to approve in a timely manner any matters requiring approval by Tenant;
      
      (ii) Any delay resulting from Tenant Change Requests initiated by Tenant, including any delay resulting from the need to revise any drawings or obtain further governmental approvals as a result of any such Tenant Change Request; or
(iii) Any delay caused by Tenant (or Tenant’s contractors, agents or employees) materially interfering with the performance of Landlord’s TI Work, provided that Landlord shall have given Tenant prompt notice of such material interference.

(k) **Tenant Improvements:** The improvements to or within the Building shown on the Approved Plans from time to time and to be constructed by Landlord pursuant to the Lease and this Tenant Work Letter. The term “Tenant Improvements” does not include the improvements existing in the Building and Premises at the date of execution of the Lease.

(l) **Unavoidable Delays:** Delays due to acts of God, acts of public agencies, labor disputes, strikes, fires, freight embargoes, inability (despite the exercise of due diligence) to obtain supplies, materials, fuels or permits, or other causes or contingencies (excluding financial inability) beyond the reasonable control of Landlord or Tenant, as applicable. Landlord shall use commercially reasonable efforts to provide Tenant with prompt notice of any Unavoidable Delays.

(m) Capitalized terms not otherwise defined in this Tenant Work Letter shall have the definitions set forth in the Lease.

2. **Plans and Construction.** Landlord and Tenant shall comply with the procedures set forth in this Paragraph 2 in preparing, delivering and approving matters relating to the Tenant Improvements.

(a) **Approved Plans and Working Drawings for Landlord’s TI Work.** Landlord’s Architect and project manager has prepared, and Landlord and Tenant have approved, preliminary plans and specifications and a scope of work for the Premises. The most recent mutually approved version of such preliminary plans and specifications and scope of work for the Premises. The most recent mutually approved version of such preliminary plans and specifications and scope of work for the Premises (the “Landlord’s Preliminary Plan”) is attached hereto as Schedule 1 and incorporated herein by this reference. Any items listed on the Landlord’s Preliminary Plan as being “tenant items”, or “tenant furnished” or “tenant installed” shall be provided, if at all, by Tenant at Tenant’s sole cost and expense (subject to reimbursement out of the Alterations Allowance), and Landlord shall have no obligations with respect thereto. Landlord shall prepare or cause to be prepared (assuming timely delivery by Tenant of all information and decisions reasonably required to be furnished or made by Tenant in order to permit preparation of Landlord’s Final Working Drawings, and subject to Tenant Delays and Unavoidable Delays), final detailed working drawings and specifications for the Tenant Improvements constituting Landlord’s TI Work, including (as applicable) structural, fire protection, life safety, mechanical and electrical working drawings and final architectural drawings (collectively, “Landlord’s Final Working Drawings”). Landlord’s Final Working Drawings shall be based on and consistent with the Landlord’s Preliminary Plan in all material respects (except as otherwise mutually approved by the parties in their respective discretion). Landlord shall deliver copies of Landlord’s Final Working Drawings to Tenant for Tenant’s approval and information. Tenant shall promptly and diligently either approve the proposed Landlord’s Final Working Drawings, or set forth in writing with particularity any changes necessary to bring the aspects of such proposed plans and specifications or proposed Landlord’s Final Working Drawings into a form which will be reasonably acceptable to Tenant. Notwithstanding any other provisions of this paragraph, if Tenant objects to any aspect of the Landlord’s Final Working Drawings (including, but not limited to, any subsequently proposed changes therein from time to time) that is (i) materially consistent with the Landlord’s Preliminary Plan, (ii) necessitated by applicable law or as a condition of any governmental or other third-party approvals or consents that are required to be obtained in connection with Landlord’s TI Work but that do not materially change the design or configuration thereof or materially affect Tenant’s use of the Premises, or (iii) that is required as a result of unanticipated conditions encountered in the course of construction of Landlord’s TI Work that do not materially change the design or configuration thereof or materially affect Tenant’s use of the Premises, then any delays in the completion of the Landlord’s TI Work resulting from such objection, or from changes to the Landlord’s Final Working Drawings resulting from such objection shall be a Tenant Delay. To the extent Tenant identifies to Landlord any concerns arising out of any such requirements or conditions described in this sentence, Landlord and Tenant shall cooperate reasonably, diligently and in good faith to discuss possible changes in the nature or scope of the Tenant Improvements that might minimize or avoid the effects of such requirements or conditions. Failure of Tenant to deliver to Landlord written notice of disapproval and specification of required changes on or before any deadline reasonably specified by Landlord (which shall not be less than three (3) days after delivery thereof to Tenant) in delivering an applicable set of plans, specifications and/or drawings to Tenant shall constitute and be deemed to be a Tenant Delay.

HCP, INC.

EXHIBIT B

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[Flexus Biosciences, Inc.]
(b) Construction of Landlord’s TI Work. Following completion of Landlord’s Final Working Drawings, Landlord shall apply for and use reasonable efforts to obtain the necessary permits and approvals to allow construction of all Tenant Improvements constituting Landlord’s TI Work. Upon receipt of such permits and approvals, Landlord shall, at Landlord’s expense (subject to Tenant’s obligations to pay for the increased cost of any Tenant required changes to the Landlord’s Preliminary Plan or Landlord’s Final Working Drawings that were previously approved by Landlord and Tenant), construct and complete the Tenant Improvements constituting Landlord’s TI Work substantially in accordance with the Landlord’s Approved Plans, subject to Unavoidable Delays and Tenant Delays (if any). Such construction shall be performed in a neat, good and workmanlike manner and shall materially conform to all applicable laws, rules, regulations, codes, ordinances, requirements, covenants, conditions and restrictions applicable thereto in force at the time such work is completed.

(c) Changes.

(i) If Landlord determines at any time that changes in Landlord’s Final Working Drawings or in any other aspect of the Landlord’s Approved Plans relating to any item of Landlord’s TI Work are required as a result of applicable law or governmental requirements, or are required at the insistence of any other third party whose approval may be required with respect to the Tenant Improvements, or are required as a result of unanticipated conditions encountered in the course of construction, then Landlord shall promptly (A) advise Tenant of such circumstances and (B) at Landlord’s sole cost and expense, cause revised Landlord’s Final Working Drawings to be prepared by Landlord’s Architect and submitted to Tenant, for Tenant’s approval, which shall not be unreasonably withheld. Failure of Tenant to deliver to Landlord written notice of disapproval and specification of such required changes on or before any deadline reasonably specified by Landlord (which shall not be less than three(3) business days after delivery thereof to Tenant) shall constitute and be deemed to be a Tenant Delay.

(ii) If Tenant at any time desires any changes, alterations or additions to the Landlord’s Final Working Drawings or material changes to the Landlord’s Preliminary Plan with respect to any of Landlord’s TI Work, Tenant shall submit a detailed written request to Landlord specifying such changes, alterations or additions (a “Tenant Change Request”). Upon receipt of any such request, Landlord shall promptly notify Tenant of (A) whether the matters proposed in the Tenant Change Request are approved by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed by Landlord), (B) Landlord’s estimate of the number of days of delay, if any, which shall be caused in Landlord’s TI Work by such Tenant Change Request if implemented (including, without limitation, delays due to the need to obtain any revised plans or drawings and any governmental approvals), and (C) Landlord’s estimate of the increase, if any, which shall occur in the cost of construction of the Landlord’s TI Work affected by such Tenant Change Request if such Tenant Change Request is implemented (including, but not limited to, any costs of compliance with laws or governmental regulations that become applicable because of the implementation of the Tenant Change Request). If Landlord approves the Tenant Change Request and Tenant notifies Landlord in writing, within three (3) business days after receipt of such notice from Landlord, of Tenant’s approval of the Tenant Change Request (including the estimated delays and cost increases, if any, described in Landlord’s notice), then Landlord shall cause such Tenant Change Request to be implemented and any actual delays resulting therefrom shall be deemed to be a Tenant Delay, and Tenant shall be responsible for all actual increases in costs of the Landlord’s TI Work resulting from or attributable to the implementation of the Tenant Change Request (which costs Tenant may pay out of the Alterations Allowance, or out of Tenant’s own funds, at Tenant’s election). If Tenant fails to notify Landlord in writing of Tenant’s approval of such Tenant Change Request within said three (3) business day period, then such Tenant Change Request shall be deemed to be withdrawn and shall be of no further effect.

(d) Project Management. Unless and until revoked by Landlord by written notice delivered to Tenant, Landlord hereby (i) delegates to Project Manager the authority to exercise all approval rights, supervisory rights and other rights or powers of Landlord under this Tenant Work Letter with respect to the design and construction of the Tenant Improvements, and (ii) requests that Tenant work with Project Manager with respect to any logistical or other coordination matters arising in the course of construction of the Tenant Improvements, including monitoring Tenant’s compliance with its obligations under this Tenant Work Letter and under the Lease with respect to the design and construction of the Tenant Improvements. Tenant acknowledges the foregoing
delegation and request, and agrees to cooperate reasonably with Project Manager as Landlord’s representative pursuant to such delegation and request. Fees and charges of Project Manager for such services shall be at Landlord’s sole expense except to the extent otherwise expressly provided in this Tenant Work Letter.

3. **Completion.**
   
   (a) When Landlord receives written certification from Architect that construction of the Tenant Improvements constituting Landlord’s TI Work in the Building has been completed in accordance with the Landlord’s Approved Plans (except for Punch List Work), Landlord shall prepare and deliver to Tenant a certificate signed by both Landlord and Architect (the “Substantial Completion Certificate”) (i) certifying that the construction of the Tenant Improvements constituting Landlord’s TI Work in the Building has been substantially completed in a good and workmanlike manner in accordance with the Landlord’s Approved Plans in all material respects, subject only to completion of Punch List Work, and specifying the date of that completion, and (ii) certifying that Landlord’s TI Work complies in all material respects with all laws, rules, regulations, codes, ordinances, requirements, covenants, conditions and restrictions applicable thereto at the time of such delivery. Upon receipt by Tenant of the Substantial Completion Certificate and tender of possession of the Premises by Landlord to Tenant, and receipt of any certificate of occupancy or its legal equivalent, or other required sign-offs from any applicable governmental authority, allowing the legal occupancy of the Premises, the Tenant Improvements constituting Landlord’s TI Work in the Building will be deemed delivered to Tenant and “Ready for Occupancy” for all purposes of the Lease (subject to Landlord’s continuing obligations with respect to any Punch List Work, and to any other express obligations of Landlord under the Lease or this Tenant Work Letter with respect to such Tenant Improvements).

   (b) Promptly following delivery of the Substantial Completion Certificate for Landlord’s TI Work in the Building, Project Manager or other representatives of Landlord shall conduct one or more “walkthroughs” of the Building with Tenant and Tenant’s representatives, to identify any items of Punch List Work that may require correction and to prepare a joint punch list reflecting any such items, following which Landlord shall diligently complete the Punch List Work reflected in such joint punch list. At any time within thirty (30) days after delivery of such Substantial Completion Certificate, Tenant shall be entitled to submit one or more lists to Landlord supplementing such joint punch list by specifying any additional items of Punch List Work to be performed on the applicable Tenant Improvements constituting Landlord’s TI Work in the Building, and upon receipt of such list(s), Landlord shall diligently complete such additional Punch List Work. Promptly after Landlord provides Tenant with the Substantial Completion Certificate and completes all applicable Punch List Work for the Building, Landlord shall cause the recordation of a Notice of Completion (as defined in Section 3093 of the California Civil Code or applicable successor statute) with respect to Landlord’s TI Work in the Building.

   (c) All construction, product and equipment warranties and guaranties obtained by Landlord with respect to Landlord’s TI Work shall, to the extent reasonably obtainable, include a provision that such warranties and guaranties shall also run to the benefit of Tenant, and Landlord shall cooperate with Tenant in a commercially reasonable manner to assist in enforcing all such warranties and guaranties for the benefit of Tenant.

   (d) Notwithstanding any other provisions of this Tenant Work Letter or of the Lease, if Landlord is delayed in substantially completing any of Landlord’s TI Work as a result of any Tenant Delay, and if the Lease Commencement Date is being determined under clause (ii) of Section 3.2 of the Lease Summary, then notwithstanding any other provisions of the Lease to the contrary, the Premises shall be deemed to have been Ready for Occupancy on the date the Premises would have been Ready for Occupancy absent such Tenant Delay.

4. **Payment of Costs.** Except as otherwise expressly provided in this Tenant Work Letter or in the Lease or by mutual written agreement of Landlord and Tenant, the cost of construction of the Tenant Improvements shall be paid by Landlord and Tenant’s sole cost and expense.

5. **No Agency.** Nothing contained in this Tenant Work Letter shall make or constitute Tenant as the agent of Landlord.

6. **Tenant Access.** Provided that Tenant and its agents do not interfere with Contractor’s work in the Building and the Premises, Contractor shall allow Tenant access to the Premises at least thirty (30) days prior to the
Substantial Completion of the Landlord’s TI Work for the purpose of Tenant installing equipment or fixtures (including Tenant’s data and telephone equipment) in the Premises and doing business. Prior to Tenant’s entry into the Premises as permitted by the terms of this Section 6, Tenant shall submit a schedule to Landlord and Contractor, for their approval, which schedule shall detail the timing and purpose of Tenant’s entry. Tenant shall hold Landlord harmless from and indemnify, protect and defend Landlord against any loss or damage to the Building or Premises and against injury to any persons caused by Tenant’s actions pursuant to this Section 6.

7. **Miscellaneous.** All references in this Tenant Work Letter to a number of days shall be construed to refer to calendar days, unless otherwise specified herein. If any item requiring approval is disapproved by Landlord or Tenant (as applicable) in a timely manner, the procedure for preparation of that item and approval shall be repeated.
SCHEDULE 1 TO EXHIBIT B

PRELIMINARY PLANS

561 Ecles – Flexus Scope List

Based on floor plan by DGA dated 10/09/10.

Exterior Improvements:
1. Pavers or similar facade panels, trellis framing, and metal canopy above the entrance.
2. New standard windows and skylights throughout the building.
3. New S1G W emergency generator and generator enclosure.
4. Exterior service enclosure containing trash, chemical storage bunker, loading area, and space for N2 storage.
5. Repaint exterior walls.
7. New single ply TPO roof, HVAC system package units, and roof screen.
8. Miscellaneous landscaping.

Office Area includes:
10. Mini blinds at exterior windows throughout.
11. Reception Area with a set of double doors at the main entrance. Lobby flooring with ceramic tile, specialty ceiling tiles and (3) skylights.
12. Elevator Lobby with a 2-stop hydraulic elevator, front and rear elevator doors, ceramic tile and double doors provide access from 2nd floor lobby to 2nd floor office area. Specialty ceiling tiles with (1) skylight.
13. Elevator Equipment Room located behind the elevator pit with a single door and sealed concrete.
14. Men’s/Women’s restroom with ceramic tile floors and walls, solid surface countertops, metal partitions, down lights and standard plumbing fixtures.
15. Electrical Room with a single door and sealed concrete floor.
16. IT Room with a single door, VCT flooring, and 2x4 ACT ceiling.
17. Feature Staircase near lobby with architectural handrails. Existing second staircase with standard finishes.
18. Storage Room with (1) door, VCT flooring, and 2x4 ACT ceiling.
19. Hallway Area with millwork counter tops.
20. Copy/Mail Area with upper and lower cabinetry provided along the wall. Power and rough-in for data provided. Equipment and cabling by Tenant.
21. Private Offices with a solid wood door, large aluminum framed sashlites with bolt glazing, carpet tiles with rubber base, standard 2x4 ACT with 2x4 light fixtures, power, and rough-in for data provided. Data cabling and furniture by Tenant.
22. Open Office Area for (20) workstations with carpet tiles and rubber base, standard 2x4 ACT, 2x4 light fixtures, ceiling drops for power to workstations. Final power connection to workstations, IT cabling, and furniture by Tenant.
23. Break Room and All Hands Area with VCT flooring, upper and lower cabinetry, sink, dishwasher, plumbing for Tenant water cooler, refrigerator, and power outlets. Furniture, water cooler, and refrigerator by Tenant.

Second Floor Office Area Includes:
25. Mini blinds at exterior windows throughout.
26. Men’s/Women’s restroom with (1) shower each, ceramic tile floors and walls, solid surface countertops, metal partitions, down lights, standard plumbing fixtures, and lockers.
27. Janitor’s Closet with a single door and sealed concrete floor.
28. IT Room with a single door, VCT flooring, and ACT ceiling.

561 Ecles – Flexus Scope List 10/10/10 vs

HCP, INC.

EXHIBIT B

11

[Flexus Business Park]

[Flexus Biosciences, Inc.]
29. File area reserved for Tenant provided furniture or shelving.
30. Private Offices with single solid wood door, large aluminum framed sidelites with butt glazing, carpet tiles with rubber base, standard 2x4 ACT with 2x4 light fixtures, power and rough-in for data provided. Data cabling and furniture by Tenant.
31. Open Office Area for (25) workstations with carpet tiles and rubber base, 2x4 ACT, (2) skylights, 2x4 light fixtures, ceiling drops for power to workstations. Final power connection to workstations, 1T cabling, and furniture by Tenant.
32. Conference Rooms with a single solid wood door, large aluminum framed sidelites with butt glazing, manual Mecho shades, carpet tile, rubber base, standard 2x4 ACT, 2x4 light fixtures, supplemental down lights, floor box with power and data rough-in provided. Cabling and furniture by Tenant.
33. Copy Area with upper and lower cabierylty provided along the wall. Power and rough-in for data provided. Equipment and cabling by Tenant.

Lab Area Includes:

35. VCT flooring, 2x4 vinyl ceiling tiles, 2x4 light fixtures throughout.
36. Lab benches and fixed casework finishes include painted metal cabinets with epoxy tops, process piping for CDA and VAC, and epoxy sink with industrial water for connection to tenant provided MBI-G.
37. Process Piping includes vacuum, gas, venting, and piping for CDA, N2, and VAC unless otherwise noted.
38. Small Tissue Culture Room with fixed casework along (2) walls, (1) epoxy sink, and (1) emergency eyewash/shower station. CDA and Vac stub-ups for Tenant provided equipment. NMR and Microbiology Rooms with fixed casework along (3) walls, (2) benches, and (2) emergency eyewash/shower station. CDA and VAC stub-ups for Tenant provided equipment.
39. Large Biology Lab with (3) lab benches with (2) epoxy sinks, fixed countertops/casework along (3) walls, (1) emergency eyewash/shower station, and (2) emergency eyewash/shower station. Small Biology Lab with (1) emergency eyewash/shower station.
40. Lab benches, fixed countertops/casework along (2) walls with CDA and VAC, (1) epoxy sink, (1) emergency eyewash/shower station, and (1) ceiling service panels served by Tenant.
41. PKDM Lab with (1) lab bench, fixed countertops/casework along (2) walls with CDA and VAC, (1) emergency eyewash/shower station.
42. Chemistry Lab with (2) skylights, (1) lab bench, countedop/casework along (1) wall with VAC, (1) epoxy sink, and (1) emergency eyewash/shower station.
43. NMR with CDA and O2 monitor. Equipment, tanks, and UPS by Tenant.
44. Equipment, Dry Compound Storage, and Chemical Compound Storage Rooms are not rated. Dry Compound Storage Room with tenant provided glass cabinets with self-vented tops.
45. Glass: Wash with scullery sink, epoxy floors w/ covered base, power, industrial water stubs, and floor drain. Autoclave and glass wash equipment by Tenant.
46. Ante Room with epoxy flooring, epoxy painted walls and ceiling, covered base, and hard lid ceiling.
47. Vivarium Holding Rooms with epoxy floors w/covered base, epoxy painted walls and hard lid ceilings, and full height walls at perimeter. Exhaust connection to Tenant supplied cage racks, and VAC at Tenant supplied BSC.
48. Vivarium Procedure Rooms with epoxy floors w/covered base, epoxy painted walls and hard lid ceilings, countedop/casework along (1) wall, epoxy sink, floor drain, hose bibs, and full height walls at perimeter.
49. Vivarium Shower with sheet vinyl flooring.
50. Vivarium Wash Area with epoxy flooring, epoxy painted walls and ceiling, covered base, hard lid ceiling, and countertop with scullery sink.
51. Supply Storage with access from Receiving and Vivarium Wash Area. Metro racks by Tenant.
53. Biology Storage with access from the Main Corridor.
54. Equipment Room with power to Tenant provided freezers.
55. Main Electrical Room with sealed concrete flooring is accessed from existing exterior door.
56. Janitor's Closet with epoxy flooring, painted walls and ceiling, coved base, and hard lid ceiling.
57. Receiving and Storage with access into trash enclosure, Chemical Storage Banker, and loading area.
58. Vivarium Ventilation Area/Room with epoxy flooring and coved base, painted walls, and hard lid ceiling.
59. Mechanical Rooms with housekeeping yard.
60. Main Corridor with VCT flooring and (4) skylights.
61. Vivarium Corridor with bumper rails, corner guards, an emergency eyewash/shower station, hard lid ceilings, and epoxy paint.

EXCLUDED:

- AV/IT Cabling
- Window coverings unless otherwise noted
- Security System
- Tenant FF&E including projection screens
- TV/Mounting bracket
- Ceiling service panels and specialty gas outlets/piping/gas manifolds unless otherwise noted. (Gas manifolds - Potential Tenant Change Request)
- Signage, other than code require
- Supply and piping for Helium, DI Water, N2, CO2 (Potential Tenant Change Request)
- RO animal watering systems and piping (Potential Tenant Change Request)
- Metro rads
- Equipment including but not limited to:
  - Freezers
  - Biosafety cabinets and associated exhausting
  - Glass storage cabinets
  - Disposable cage racks
  - Cage washers plus hot water boiler (Potential Tenant Change Request)
  - Autoclaves (Potential Tenant Change Request)
  - Glass washers (Potential Tenant Change Request)
  - Incubators
  - UPS
  - Mill-Ups
  - (3) Existing fume hoods supplied by Tenant
EXHIBIT C

ECCLES BUSINESS PARK

NOTICE OF LEASE TERM DATES

To: ____________________________________________
______________________________________________
______________________________________________

Re: Lease dated , 20 between a ("Landlord"), and a ("Tenant") concerning Suite
on floor(s) of the building located at , California.

Gentlemen:

In accordance with the Lease (the "Lease"), we wish to advise you and/or confirm as follows:

1. The Lease Term shall commence on or has commenced on for a term of ending on .
2. Rent commenced to accrue on , in the amount of .
3. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.
4. Your rent checks should be made payable to at .
5. The exact number of rentable/usable square feet within the Premises is 30,376 square feet.
6. Tenant’s Share as adjusted based upon the exact number of usable square feet within the Premises is 100%, subject to Section 6 of the Summary of Basic Lease Information.

"Landlord":

______________________________________________
a __________________________
By: ____________________________________________
Its: ____________________________________________

HCP, INC.

EXHIBIT C
-1-
Agreed to and Accepted as of ___________ 20__.

“Tenant”:

______________________________

By: ____________________________

Its: ____________________________

HCP, INC.

EXHIBIT C

-2-

[Eccles Business Park]

[Flexus Biosciences, Inc.]
EXHIBIT D

ECCLES BUSINESS PARK

FORM OF TENANT’S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Lease (the "Lease") made and entered into as of , 20 by and between as Landlord, and the undersigned as Tenant, for Premises consisting of the entire building located at , California, certifies as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in Exhibit A represent the entire agreement between the parties as to the Premises.

2. The undersigned currently occupies the Premises described in the Lease, the Lease Term commenced on , and the Lease Term expires on , and the undersigned has no option to terminate or cancel the Lease or to purchase all or any part of the Premises, the Building and/or the Project, except as expressly set forth in the Lease.

3. Base Rent became payable on .

4. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Exhibit A.

5. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:

6. Tenant shall not modify the documents contained in Exhibit A without the prior written consent of Landlord’s mortgagee.

7. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through . The current monthly installment of Base Rent is $ .

8. To Tenant’s actual knowledge, without inquiry, all conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder. In addition, the undersigned has not delivered any notice to Landlord regarding a default by Landlord thereunder. The Lease does not require Landlord to provide any rental concessions or to pay any leasing brokerage commissions except as expressly set forth therein.

9. No rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease. Neither Landlord, nor its successors or assigns, shall in any event be liable or responsible for, or with respect to, the retention, application and/or return to Tenant of any security deposit paid to any prior landlord of the Premises, whether or not still held by any such prior landlord, unless and until the party from whom the security deposit is being sought, whether it be a lender, or any of its successors or assigns, has actually received for its own account, as landlord, the full amount of such security deposit.

HCP, INC.

EXHIBIT D

-1-

[Eccles Business Park]

[Flexus Biosciences, Inc.]
10. To Tenant’s actual knowledge, without inquiry, as of the date hereof, there are no existing defenses or offsets, or, to the undersigned’s knowledge, claims or any basis for a claim, that the undersigned has against Landlord.

11. If Tenant is a corporation or partnership, Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

12. There are no actions pending against the undersigned under the bankruptcy or similar laws of the United States or any state.

13. Tenant is in full compliance with all federal, state and local laws, ordinances, rules and regulations affecting its use of the Premises, including, but not limited to, those laws, ordinances, rules or regulations relating to hazardous or toxic materials. Tenant has never permitted its agents, employees or contractors to engage in the generation, manufacture, treatment, use, storage, disposal or discharge of any hazardous, toxic or dangerous waste, substance or material in, on, under or about the Project or the Premises or any adjacent premises or property in violation of any federal, state or local law, ordinance, rule or regulation.

14. To the undersigned’s knowledge, all tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full. All work (if any) in the common areas required by the Lease to be completed by Landlord has been completed and all parking spaces required by the Lease have been furnished and/or all parking ratios required by the Lease have been met.

The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

Executed at [ ] on the day of [ ], 20 [ ].

“Tenant”:

[Signature]

By: [Signature]

Its: [Title]

By: [Signature]

Its: [Title]

HCP, INC.

EXHIBIT D

[Eccles Business Park]

-2-

[Flexus Biosciences, Inc.]
EXHIBIT E

ECCLES BUSINESS PARK

ENVIRONMENTAL QUESTIONNAIRE

ENVIRONMENTAL QUESTIONNAIRE
FOR COMMERCIAL AND INDUSTRIAL PROPERTIES

Property Name: ____________________________

Property Address: ____________________________

Instructions: The following questionnaire is to be completed by the Lessee representative with knowledge of the planned operations for the specified building/location. Please print clearly and attach additional sheets as necessary.

1.0 PROCESS INFORMATION
Describe planned use, and include brief description of manufacturing processes employed.

2.0 HAZARDOUS MATERIALS
Are hazardous materials used or stored? If so, continue with the next question. If not, go to Section 3.0.

2.1 Are any of the following materials handled on the Property?  Yes ☐ No ☐
(A material is handled if it is used, generated, processed, produced, packaged, treated, stored, emitted, discharged, or disposed.) If so, complete this section. If this question is not applicable, skip this section and go on to Section 5.0.

☐ Explosives  ☐ Fuels  ☐ Oils
☐ Solvents  ☐ Oxidizers  ☐ Organics/Inorganics
☐ Acids  ☐ Bases  ☐ Pesticides
☐ Gases  ☐ PCBs  ☐ Radioactive Materials
☐ Other (please specify)

2-2. If any of the groups of materials checked in Section 2.1, please list the specific material(s), use(s), and quantity of each chemical used or stored on the site in the Table below. If convenient, you may substitute a chemical inventory and list the uses of each of the chemicals in each category separately.

<table>
<thead>
<tr>
<th>Material</th>
<th>Physical State (Solid, Liquid, or Gas)</th>
<th>Usage</th>
<th>Container Size</th>
<th>Number of Containers</th>
<th>Total Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EXHIBIT E

HCP, INC.

-1-

[Eccles Business Park]

[Flexus Biosciences, Inc.]
2-3. Describe the planned storage area location(s) for these materials. Please include site maps and drawings as appropriate.

3.0 HAZARDOUS WASTES

Are hazardous wastes generated?  Yes ☐  No ☐

If yes, continue with the next question. If not, skip this section and go to section 4.0.

3.1 Are any of the following wastes generated, handled, or disposed of (where applicable) on the Property?

☐ Hazardous wastes  ☐ Industrial Wastewater
☐ Waste oils  ☐ PCBs
☐ Air emissions  ☐ Sludges
☐ Regulated Wastes  ☐ Other (please specify)

3-2. List and quantify the materials identified in Question 3-1 of this section.

<table>
<thead>
<tr>
<th>WASTE GENERATED</th>
<th>RCRA listed Waste?</th>
<th>SOURCE</th>
<th>APPROXIMATE MONTHLY QUANTITY</th>
<th>WASTE CHARACTERIZATION</th>
<th>DISPOSITION</th>
</tr>
</thead>
</table>

3-3. Please include name, location, and permit number (e.g. EPA ID No.) for transporter and disposal facility, if applicable. Attach separate pages as necessary.

<table>
<thead>
<tr>
<th>Transporter/Disposal Facility Name</th>
<th>Facility Location</th>
<th>Transporter (I) or Disposal (D) Facility</th>
<th>Permit Number</th>
</tr>
</thead>
</table>

3-4. Are pollution controls or monitoring employed in the process to prevent or minimize the release of wastes into the environment?  Yes ☐  No ☐

HCP, INC.

EXHIBIT E

-2-

[Eccles Business Park]

[Flexus Biosciences, Inc.]
### 4.0 USTS/ASTS

#### 4.1 Are underground storage tanks (USTs), aboveground storage tanks (ASTs), or associated pipelines used for the storage of petroleum products, chemicals, or liquid wastes present on site (lease renewals) or required for planned operations (new tenants)?

- Yes ☐
- No ☐

If not, continue with section 5.0. If yes, please describe capacity, contents, age, type of the USTs or ASTs, as well any associated leak detection/spill prevention measures. Please attach additional pages if necessary.

<table>
<thead>
<tr>
<th>Capacity</th>
<th>Contents</th>
<th>Year Installed</th>
<th>Type (Steel, Fiberglass, etc)</th>
<th>Associated Leak Detection / Spill Prevention Measures</th>
</tr>
</thead>
</table>

*Note: The following are examples of leak detection / spill prevention measures:
  - Integrity testing
  - Inventory reconciliation
  - Leak detection system
  - Overfill spill protection
  - Secondary containment
  - Cathodic protection

#### 4.2 Please provide copies of written tank integrity test results and/or monitoring documentation, if available.

#### 4.3 Is the UST/AST registered and permitted with the appropriate regulatory agencies?  
- Yes ☐
- No ☐

If so, please attach a copy of the required permits.

#### 4.4 If this Questionnaire is being completed for a lease renewal, and if any of the USTs/ASTs have leaked, please state the substance released, the media(s) impacted (e.g., soil, water, asphalt, etc.), the actions taken, and all remedial responses to the incident.

#### 4.5 If this Questionnaire is being completed for a lease renewal, have USTs/ASTs been removed from the Property?  
- Yes ☐
- No ☐

If yes, please provide any official closure letters or reports and supporting documentation (e.g., analytical test results, remediation report results, etc.).

#### 4.6 For Lease renewals, are there any above or below ground pipelines on site used to transfer chemicals or wastes?  
- Yes ☐
- No ☐

For new tenants, are installations of this type required for the planned operations?  
- Yes ☐
- No ☐
5.0 **ASBESTOS CONTAINING BUILDING MATERIALS**

Please be advised that an asbestos survey may have been performed at the Property. If provided, please review the information that identifies the locations of known asbestos containing material or presumed asbestos containing material. All personnel and appropriate subcontractors should be notified of the presence of these materials, and informed not to disturb these materials. Any activity that involves the disturbance or removal of these materials must be done by an appropriately trained individual/contractor.

6.0 **REGULATORY**

6-1. Does the operation have or require a National Pollutant Discharge Elimination System (NPDES) or equivalent permit?  
Yes ☐ No ☐  
If so, please attach a copy of this permit.

6-2. Has a Hazardous Materials Business Plan been developed for the site?  
Yes ☐ No ☐  
If so, please attach a copy.

**CERTIFICATION**

I am familiar with the real property described in this questionnaire. By signing below, I represent and warrant that the answers to the above questions are complete and accurate to the best of my knowledge. I also understand that Lessor will rely on the completeness and accuracy of my answers in assessing any environmental liability risks associated with the property.

Signature:  
Name:  
Title:  
Date:  
Telephone:  

---

HCP, INC.  
EXHIBIT E  
-4-  
[Eccles Business Park]  
[Flexus Biosciences, Inc.]
EXHIBIT F

ECCLES BUSINESS PARK

TENANT’S PROPERTY

The following items, to the extent not purchased with the Tenant Improvement Allowance or Additional Improvement Allowance, shall be deemed “Tenant’s Property”:

1. All moveable furniture and equipment that is not “built-in”.
2. Moveable lab casework (other than “built-in” lab casework), including moveable lab benches.
3. Servers, server racks and back-up batteries.
4. Furniture.

HCP, INC.

EXHIBIT F

-1-

[Flexus Biosciences, Inc.]
EXHIBIT G

ECCLES BUSINESS PARK

FORM OF AGREEMENT FOR ADDITIONAL MONTHLY BASE RENT

FIRST AMENDMENT TO LEASE

This FIRST AMENDMENT TO LEASE ("Amendment") is made and entered into as of , 2014, by and between HCP INC., a Delaware limited liability company ("Landlord"), and FLEXUS BIOSCIENCES, INC., a Delaware corporation ("Tenant").

RECORDS:

A. Landlord and Tenant are parties to that certain Lease dated October , 2014, (the “Lease”), pursuant to which Tenant leases the entire building (the "Premises") containing approximately 30,376 rentable square feet of space and located at 561 Eccles Avenue, South San Francisco, California (the “Building”).

B. Landlord and Tenant desire to amend the Lease on the terms and conditions set forth in this Amendment.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Terms. All capitalized terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this Amendment.

2. Alterations Allowance. Pursuant to the terms of Section 8.6 of the Lease, Tenant was entitled to an Alterations Allowance of up to $500,000.00 (the “Alterations Allowance”). Notwithstanding any provision to the contrary contained in the Lease, Landlord and Tenant hereby acknowledge and agree that Tenant has utilized $ of the Alterations Allowance (the “Utilized Alterations Allowance”).

3. Additional Monthly Base Rent. As a result of Tenant’s use of the Utilized Alterations Allowance, Tenant is required to pay Additional Monthly Base Rent calculated as provided in Section 8.6 of the Lease, which Additional Monthly Base Rent shall be as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Additional Monthly Base Rent</th>
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<tr>
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</tbody>
</table>

HCP, INC.

[Eccles Business Park]

Flexus Biosciences, Inc.
4. No Further Modification. Except as specifically set forth in this Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

LANDLORD:
HCP INC., LLC,
a Delaware limited liability company
By: ________________________________
    Jonathan M. Bergschneider
    Executive Vice President

TENANT:
FLEXUS BIOSCIENCES, INC.,
a Delaware corporation
By: ________________________________
    Name: ________________________________
    ________________________________
    Its: ________________________________

HCP, INC.

EXHIBIT G
-2-
FAX NO. [(   )    -    ]
SWIFT: [Insert No., if any]

DATE OF ISSUE:

BENEFICIARY:
[Insert Beneficiary Name And Address]

APPLICANT:
[Insert Applicant Name And Address]

LETTER OF CREDIT NO.

EXPIRATION DATE:
AT OUR COUNTERS

AMOUNT AVAILABLE:
USD[Insert Dollar Amount]
(U.S. DOLLARS [Insert Dollar Amount])

LADIES AND GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO.              IN YOUR FAVOR FOR THE ACCOUNT OF [Insert Tenant’s Name], A [Insert Entity Type], UP TO THE AGGREGATE AMOUNT OF USD[Insert Dollar Amount] ([Insert Dollar Amount] U.S. DOLLARS) EFFECTIVE IMMEDIATELY AND EXPIRING ON (Expiration Date) AVAILABLE BY PAYMENT UPON PRESENTATION OF YOUR DRAFT AT SIGHT DRAWN ON [Insert Bank Name] WHEN ACCOMPANIED BY THE FOLLOWING DOCUMENT(S):

1. THE ORIGINAL OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND AMENDMENT(S), IF ANY.

2. BENEFICIARY’S SIGNED STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED REPRESENTATIVE OF [Insert Landlord’s Name], A [Insert Entity Type] (“LANDLORD”) STATING THE FOLLOWING:

“THE UNDERSIGNED HEREBY CERTIFIES THAT THE LANDLORD, EITHER (A) UNDER THE LEASE (DEFINED BELOW), OR (B) AS A RESULT OF THE TERMINATION OF SUCH LEASE, HAS THE RIGHT TO DRAW DOWN THE AMOUNT OF USD IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE “LEASE”).”

OR

“THE UNDERSIGNED HEREBY CERTIFIES THAT WE HAVE RECEIVED A WRITTEN NOTICE OF [Insert Bank Name]’S ELECTION NOT TO EXTEND ITS STANDBY LETTER OF CREDIT NO. AND HAVE NOT RECEIVED A REPLACEMENT LETTER OF CREDIT WITHIN AT LEAST THIRTY (30) DAYS PRIOR TO THE PRESENT EXPIRATION DATE.”

HCP, INC.
EXHIBIT H
-1-

OR

“THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. AS THE RESULT OF AN INVOLUNTARY PETITION HAVING BEEN FILED UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE AGAINST THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE “LEASE”), WHICH FILING HAS NOT BEEN DISMISSED WITHIN THIRTY (30) DAYS.”

OR

“THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. AS THE RESULT OF THE REJECTION, OR DEEMED REJECTION, OF THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED, UNDER SECTION 365 OF THE U.S. BANKRUPTCY CODE.”

SPECIAL CONDITIONS:

PARTIAL DRAWINGS AND MULTIPLE PRESENTATIONS MAY BE MADE UNDER THIS STANDBY LETTER OF CREDIT, PROVIDED, HOWEVER, THAT EACH SUCH DEMAND THAT IS PAID BY US SHALL REDUCE THE AMOUNT AVAILABLE UNDER THIS STANDBY LETTER OF CREDIT.

ALL INFORMATION REQUIRED WHETHER INDICATED BY BLANKS, BRACKETS OR OTHERWISE, MUST BE COMPLETED AT THE TIME OF DRAWING. [Please Provide The Required Forms For Review, And Attach As Schedules To The Letter Of Credit.]

ALL SIGNATURES MUST BE MANUALLY EXECUTED IN ORIGINALS.

ALL BANKING CHARGES ARE FOR THE APPLICANT’S ACCOUNT.

IT IS A CONDITION OF THIS STANDBY LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR A PERIOD OF ONE YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO THE EXPIRATION DATE WE SEND YOU NOTICE BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD. SAID NOTICE WILL BE SENT TO THE ADDRESS INDICATED ABOVE, UNLESS A CHANGE OF ADDRESS IS OTHERWISE NOTIFIED BY YOU TO US IN WRITING BY RECEIPTED MAIL OR COURIER. ANY NOTICE TO US WILL BE DEEMED EFFECTIVE ONLY UPON ACTUAL RECEIPT BY US AT OUR DESIGNATED OFFICE. IN NO EVENT, AND WITHOUT FURTHER NOTICE FROM OURSELVES, SHALL THE EXPIRATION DATE BE EXTENDED BEYOND A FINAL EXPIRATION DATE OF [60 days from the Lease Expiration Date].
THIS LETTER OF CREDIT MAY BE TRANSFERRED SUCCESSIVELY IN WHOLE OR IN PART ONLY UP TO THE THEN AVAILABLE AMOUNT IN FAVOR OF A NOMINATED TRANSFEE ("TRANSFEEER"), ASSUMING SUCH TRANSFER TO SUCH TRANSFEEER IS IN COMPLIANCE WITH ALL APPLICABLE U.S. LAWS AND REGULATIONS. AT THE TIME OF TRANSFER, THE ORIGINAL LETTER OF CREDIT AND ORIGINAL AMENDMENT(S) IF ANY, MUST BE SURRENDERED TO US TOGETHER WITH OUR TRANSFER FORM (AVAILABLE UPON REQUEST) AND PAYMENT OF OUR CUSTOMARY TRANSFER FEES, WHICH FEES SHALL BE PAYABLE BY APPLICANT (PROVIDED THAT BENEFICIARY MAY, BUT SHALL NOT BE OBLIGATED TO, PAY SUCH FEES TO US ON BEHALF OF APPLICANT, AND SEEK REIMBURSEMENT THEREOF FROM APPLICANT). IN CASE OF ANY TRANSFER UNDER THIS LETTER OF CREDIT, THE DRAFT AND ANY REQUIRED STATEMENT MUST BE EXECUTED BY THE TRANSFEEER AND WHERE THE BENEFICIARY’S NAME APPEARS WITHIN THIS STANDBY LETTER OF CREDIT, THE TRANSFEEER’S NAME IS AUTOMATICALLY SUBSTITUTED THEREFOR.

ALL DRAFTS REQUIRED UNDER THIS STANDBY LETTER OF CREDIT MUST BE MARKED: “DRAWN UNDER [Insert Bank Name] STANDBY LETTER OF CREDIT NO. ”

WE HEREBY AGREE WITH YOU THAT IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AT OR PRIOR TO [Insert Time – (e.g., 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS PRESENTED CONFORM TO THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SUCCEEDING BUSINESS DAY. IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AFTER [Insert Time – (e.g., 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS CONFORM WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SECOND SUCCEEDING BUSINESS DAY. AS USED IN THIS LETTER OF CREDIT, “BUSINESS DAY” SHALL MEAN ANY DAY OTHER THAN A SATURDAY, SUNDAY OR A DAY ON WHICH BANKING INSTITUTIONS IN THE STATE OF CALIFORNIA ARE AUTHORIZED OR REQUIRED BY LAW TO CLOSE. IF THE EXPIRATION DATE FOR THIS LETTER OF CREDIT SHALL EVER FALL ON A DAY WHICH IS NOT A BUSINESS DAY THEN SUCH EXPIRATION DATE SHALL AUTOMATICALLY BE EXTENDED TO THE DATE WHICH IS THE NEXT BUSINESS DAY.

PRESENTATION OF A DRAWING UNDER THIS LETTER OF CREDIT MAY BE MADE ON OR PRIOR TO THE THEN CURRENT EXPIRATION DATE THEREOF BY HAND DELIVERY, COURIER SERVICE, OVERNIGHT MAIL, OR FACSIMILE. PRESENTATION BY FACSIMILE TRANSMISSION SHALL BE BY TRANSMISSION OF THE ABOVE REQUIRED SIGHT DRAFT DRAWN ON US TOGETHER WITH THIS LETTER OF CREDIT TO OUR FACSIMILE NUMBER, [Insert Fax Number – (    )     -    ], ATTENTION: [Insert Appropriate Recipient], WITH TELEPHONIC CONFIRMATION OF OUR RECEIPT OF SUCH FACSIMILE TRANSMISSION AT OUR TELEPHONE NUMBER [Insert Telephone Number – (    )     -    ] OR TO SUCH OTHER FACSIMILE OR TELEPHONE NUMBERS, AS TO WHICH YOU HAVE RECEIVED WRITTEN NOTICE FROM US AS BEING THE APPLICABLE SUCH NUMBER. WE AGREE TO NOTIFY YOU IN WRITING, BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE, OF ANY CHANGE IN SUCH DIRECTION. ANY FACSIMILE PRESENTATION PURSUANT TO THIS PARAGRAPH SHALL ALSO STATE THEREON THAT THE ORIGINAL OF SUCH SIGHT DRAFT AND LETTER OF CREDIT ARE BEING REMITTED, FOR DELIVERY ON THE NEXT BUSINESS DAY, TO [Insert Bank Name] AT THE APPLICABLE ADDRESS FOR PRESENTMENT PURSUANT TO THE PARAGRAPH FOLLOWING THIS ONE.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENT(S) DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS STANDBY LETTER OF CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT AT OUR OFFICE LOCATED AT [Insert Bank Name], [Insert Bank Address], ATTN: [Insert Appropriate Recipient], ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT, (Expiration Date).

IN THE EVENT THAT THE ORIGINAL OF THIS STANDBY LETTER OF CREDIT IS LOST, STOLEN, MUTILATED, OR OTHERWISE DESTROYED, WE HEREBY AGREE TO ISSUE A DUPLICATE ORIGINAL.

HCP, INC.
[Eccles Business Park]
-3-
[Flexus Biosciences, Inc.]
HEREOF UPON RECEIPT OF A WRITTEN REQUEST FROM YOU AND A CERTIFICATION BY YOU (PURPORTEDLY SIGNED BY YOUR AUTHORIZED REPRESENTATIVE) OF THE LOSS, THEFT, MUTILATION, OR OTHER DESTRUCTION OF THE ORIGINAL HEREOF.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED HEREIN, THIS STANDBY LETTER OF CREDIT IS SUBJECT TO THE “INTERNATIONAL STANDBY PRACTICES” (ISP 98) INTERNATIONAL CHAMBER OF COMMERCE (PUBLICATION NO. 590).

Very truly yours,

(Name of Issuing Bank)

By:

HCP, INC.

[Eccles Business Park]

4-

[Flexus Biosciences, Inc.]
LEASE

ECCLES BUSINESS PARK

HCP INC.,

a Delaware corporation,

as Landlord,

and

FLEXUS BIOSCIENCES, INC.,

a Delaware corporation,

as Tenant.

HCP, INC.
[Eccles Business Park]
[Flexus Biosciences, Inc.]
<table>
<thead>
<tr>
<th>Term</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountant</td>
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<td>Base Rent</td>
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<td>Brokers</td>
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<tr>
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<td>Lease Expiration Date</td>
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<td>Lease Term</td>
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<td>Premises</td>
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<td>Project,</td>
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<td>Tenant</td>
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<tr>
<td>Tenant Work Letter</td>
<td>4</td>
</tr>
</tbody>
</table>

HCP, INC.  
[Eccles Business Park]  
Flexus Biosciences, Inc.]
FIRST AMENDMENT TO LEASE

This FIRST AMENDMENT TO LEASE ("Amendment") is made and entered into as of April 29, 2015, by and between HCP, INC., a Delaware corporation ("Landlord"), and FLX BIO, INC., a Delaware corporation ("Tenant").

RECAPITULATION:

A. Landlord and Tenant (as successor-in-interest to Flexus Biosciences, Inc. ("Flexus")) are parties to that certain Lease dated October 10, 2014, (the "Lease"), pursuant to which Tenant leases 30,376 rentable square feet of space (the "Premises") consisting of that certain building located at 561 Eccles Avenue, South San Francisco, California 94080 (the "Building").

B. Flexus assigned to Tenant, and Tenant assumed from Plexus, all of the rights and obligations of “Tenant” under the Lease, in accordance with the terms of that certain Contribution Agreement between Flexus and Tenant dated as of April 6, 2015 (the "Assignment").

C. Landlord and Tenant desire to amend the Lease on the terms and conditions set forth in this Amendment.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Terms. All capitalized terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this Amendment.

2. Modification of Alterations Allowance. Effective as of the date of this First Amendment, the Alterations Allowance set forth in Section 8.6 of the Lease shall be increased to $800,000.00, provided that Tenant hereby acknowledges that in no event shall Tenant be entitled to reimbursement from such Alterations Allowance by Landlord in excess of $500,000.00 for costs incurred in connection with the purchase and installation of FF&E (the "FF&E Cap").

3. California Accessibility Disclosure. For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges that the Common Areas and the Premises have not undergone inspection by a Certified Access Specialist (CASp).

4. No Broker. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Amendment, and that they know of no real estate broker or agent who is entitled to a commission.
in connection with this Amendment, other than Mary Hines and Jennifer Vergara Berrueta of Kidder Mathews. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys’ fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, occurring by, through, or under the indemnifying party. The terms of this section shall survive the expiration or earlier termination of the term of the Lease, as hereby amended.

5. **No Mortgages.** Landlord represents and warrants to Tenant that the Project is not currently subject to any ground lease, or the lien of any mortgage or deed of trust.

6. **Ratification.** Tenant hereby ratifies and agrees to be bound by all of the terms of the Lease, as amended by this Amendment.

7. **No Further Modification.** Except as specifically set forth in this Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

<table>
<thead>
<tr>
<th>LANDLORD:</th>
<th>TENANT:</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCP, INC., a Delaware corporation</td>
<td>FLX BIO, INC., a Delaware corporation</td>
</tr>
<tr>
<td>By: /s/ Jonathan Bergschneider</td>
<td>By: /s/ Juan Jaen</td>
</tr>
<tr>
<td>Jonathan Bergschneider</td>
<td>Name: Juan Jaen</td>
</tr>
<tr>
<td>Executive Vice President</td>
<td>Its: President</td>
</tr>
<tr>
<td></td>
<td>Name:</td>
</tr>
<tr>
<td></td>
<td>Title:</td>
</tr>
</tbody>
</table>

HCP, INC.

[First Amendment]

-2-

[Flexus Biosciences, Inc.]
SECOND AMENDMENT TO LEASE

This SECOND AMENDMENT TO LEASE (this “Second Amendment”) is made and entered into as of April 16, 2018 (the “Effective Date”), by and between HCP, INC., a Delaware corporation (“Landlord”), and FLX BIO, INC., a Delaware corporation (“Tenant”).

RECITALS:

A. Landlord and Tenant (as successor-in-interest to Flexus Biosciences, Inc. (“Flexus”) pursuant to that certain Contribution Agreement between Flexus and Tenant dated as of April 6, 2015 (the “Assignment”)) are parties to that certain Lease dated October 10, 2014, (the “Original Lease”), as supplemented by that certain Notice of Lease Term Dates dated June 4, 2015 (the “Notice of Lease Term Dates”) and as amended by that certain First Amendment to Lease dated April 29, 2015 (the “First Amendment”), pursuant to which Tenant leases 30,376 rentable square feet of space (as more particularly described in Original Lease, the “Existing Premises”) consisting of that certain building located at 561 Eccles Avenue, South San Francisco, California 94080 (the “561 Building”). The Original Lease, the Notice of Lease Term Dates and the First Amendment are collectively, the “Lease.”

B. Landlord and Tenant desire (i) to extend the Lease Term of the Lease, (ii) to expand the Existing Premises to include that certain space consisting of approximately 6,378 rentable square feet of space in the building located at 571 Eccles Avenue, South San Francisco, California 94080 (the “571 Building”), as delineated on Exhibit A attached hereto and made a part hereof (the “Expansion Premises”), and (iii) to make other modifications to the Lease as set forth herein, and in connection therewith, Landlord and Tenant desire to amend the Lease as hereinafter provided.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Capitalized Terms; Incorporation of Recitals. All capitalized terms when used herein shall have the same meaning as is given such terms in the Lease unless expressly superseded by the terms of this Second Amendment. The foregoing Recitals are incorporated by reference as if set forth fully herein.

2. Expansion Commencement Date; Modification of Premises. Effective as of the date which is the earlier to occur of (i) the date upon which Tenant first commences to conduct business in the Expansion Premises and (ii) the date which is seven (7) months following the date upon which Landlord delivers possession of the Expansion Premises to Tenant in the condition required by this Second Amendment (such date, the “Expansion Commencement Date”), Tenant
shall lease from Landlord and Landlord shall lease to Tenant the Expansion Premises. Tenant hereby acknowledges that the Premises are currently occupied by another tenant of Landlord. If Landlord is unable for any reason to deliver possession of the Expansion Premises to Tenant on any specific date, then Landlord shall not be subject to any liability for its failure to do so, and such failure shall not affect the validity of the Lease or the obligations of Tenant hereunder. Effective upon the Expansion Commencement Date, the Existing Premises shall be increased to include the Expansion Premises. Landlord and Tenant hereby acknowledge that such addition of the Expansion Premises to the Existing Premises shall, effective as of the Expansion Commencement Date, increase the size of the Premises to approximately 36,754 rentable square feet. The Existing Premises and the Expansion Premises shall collectively be referred to as the “Premises.” All references in the Lease, as amended, to the Building shall mean (i) the 561 Building when the context applies to the 561 Building or any portion of the Premises located in the 561 Building, (ii) the 571 Building when the context applies to the 571 Building or any portion of the Premises located in the 571 Building, and (iii) both the 561 Building and the 571 Building when the context applies to both of such buildings.

3. Lease Term

3.1. Expansion Term. Landlord and Tenant acknowledge that Tenant’s lease of the Existing Premises is scheduled to expire on May 31, 2022, pursuant to the terms of the Lease. Notwithstanding anything to the contrary in the Lease, the term of Tenant’s lease of the Existing Premises is hereby extended and shall expire coterminal with the term of Tenant’s lease of the Expansion Premises on the day that is preceding the eighth (8th) anniversary of the Expansion Commencement Date (the “New Expiration Date”), unless sooner terminated as provided in the Lease, as hereby amended. The period of time commencing on the Expansion Commencement Date and terminating on the New Expiration Date, shall be referred to herein as the “Expansion Term.” For purposes of this Second Amendment, the term “Expansion Year” shall mean each consecutive twelve (12) month period during the Expansion Term; provided, however, that the first (1st) Expansion Year shall commence on the Expansion Commencement Date and end on the last day of the month in which the first anniversary of the Expansion Commencement Date occurs (unless the Expansion Commencement Date is the first (1st) day of a calendar month, in which event the first Expansion Year shall end on the day immediately preceding the first anniversary of the Expansion Commencement Date), and the second and each succeeding Expansion Year shall commence on the first day of the next calendar month; and further provided that the last Expansion Year shall end on the New Expiration Date. At any time during the Expansion Term, Landlord may deliver to Tenant a notice substantially in the form as set forth in Exhibit C attached to the Original Lease, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord pursuant to the terms of the Lease, as amended hereby (subject to correction for factual errors).

3.2. Option Term. Landlord and Tenant acknowledge and agree that Tenant shall continue to have one (1) option to extend the Lease Term for a period of five (5) years in accordance with, and pursuant to the terms of, Section 2.2 of the Original Lease; provided, however, all references therein to the “initial Lease Term” shall be deemed to refer to the “Expansion Term” and such right shall apply to the entire Premises (i.e., the Existing Premises and the Expansion Premises) and Tenant may only exercise such option with respect to the entire Premises (i.e., the Existing Premises and the Expansion Premises).
4. **Rent**

4.1. **Base Rent.** Notwithstanding anything to the contrary in the Lease as hereby amended, prior to the Expansion Commencement Date, Tenant shall continue to pay Base Rent for the Existing Premises in accordance with the terms of the Lease. Commencing on the Expansion Commencement Date, and continuing throughout the Expansion Term, Tenant shall pay to Landlord monthly installments of Base Rent for the entire Premises (i.e., the Existing Premises and the Expansion Premises) as follows:

<table>
<thead>
<tr>
<th>Expansion Year</th>
<th>Annual Base Rent</th>
<th>Monthly Installment of Base Rent</th>
<th>Approximate Monthly Rental Rate per Rentable Square Foot</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$1,830,349.20</td>
<td>$152,529.10</td>
<td>$4.15</td>
</tr>
<tr>
<td>2</td>
<td>$1,896,506.40</td>
<td>$158,042.20</td>
<td>$4.30</td>
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<tr>
<td>3</td>
<td>$1,962,884.12</td>
<td>$163,573.68</td>
<td>$4.45</td>
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<tr>
<td>4</td>
<td>$2,031,585.07</td>
<td>$169,298.76</td>
<td>$4.61</td>
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<tr>
<td>5</td>
<td>$2,102,690.55</td>
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<td>6</td>
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<td>7</td>
<td>$2,252,454.68</td>
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<td>8</td>
<td>$2,331,290.59</td>
<td>$194,274.22</td>
<td>$5.29</td>
</tr>
</tbody>
</table>

On or before the Expansion Commencement Date, Tenant shall pay to Landlord the Base Rent payable for the Expansion Premises for the first full month of the Expansion Term.

*For the avoidance of doubt, the column “Monthly Installment of Base Rent” shall be binding upon the parties hereto should any inconsistencies exist in the rent schedule.*
4.2. **Additional Monthly Base Rent.** Notwithstanding any provision to the contrary contained in the Lease, in addition to the Base Rent amounts set forth above, Tenant shall continue to be obligated to make monthly payments of Additional Monthly Base Rent in connection with Tenant’s use of the Alterations Allowance (pursuant to the terms of Section 8.6 of the Original Lease) in the amounts set forth below through May 31, 2022 in the same manner as Base Rent:

<table>
<thead>
<tr>
<th>Period During Lease Term</th>
<th>Payment of Additional Monthly Base Rent</th>
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<tbody>
<tr>
<td>June 1, 2017 – May 31, 2018</td>
<td>$10,554.74</td>
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<tr>
<td>June 1, 2018 – May 31, 2019</td>
<td>$10,871.38</td>
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<td>June 1, 2019 – May 31, 2020</td>
<td>$11,197.53</td>
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<td>June 1, 2020 – May 31, 2021</td>
<td>$11,533.45</td>
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<td>June 1, 2021 – May 31, 2022</td>
<td>$11,879.45</td>
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</table>

5. **Tenant’s Share of Building Direct Expenses.**

5.1. **Existing Premises.** Notwithstanding anything to the contrary set forth in the Lease as hereby amended, Tenant shall continue to be obligated to pay Tenant’s Share of the Direct Expenses in connection with the Existing Premises in accordance with the terms of the Lease prior to and during the Expansion Term.

5.2. **Expansion Premises.** Except as specifically set forth in this Section 5.2, commencing on the Expansion Commencement Date, Tenant shall pay Tenant’s Share of Direct Expenses in connection with the Expansion Premises in accordance with the terms of Article 4 of the Original Lease, provided that with respect to the calculation of Tenant’s Share of Direct Expenses in connection with the Expansion Premises, Tenant’s Share shall equal 100% of the 571 Building. Prior to the Expansion Commencement Date, Landlord shall be solely responsible for providing services and utilities (including electricity, water, and HVAC) (“Construction Utilities”) for the 571 Building, and will not charge any such items as Operating Expenses or Additional Rent. In the event of an interruption in the provision of Construction Utilities during normal construction hours to the extent caused by the negligence or willful misconduct of Landlord, which interruption continues for more than five (5) business days after written notice from Tenant to Landlord, shall result in a day-for-day delay of the Expansion Commencement Date for each day that such interruption causes an actual delay in construction of the Tenant Improvements (as defined in the Tenant Work Letter attached hereto as Exhibit B and incorporated herein (the “Tenant Work Letter”)).
6. **Improvements; Condition of Expansion Premises.** Except as specifically set forth in this Second Amendment or in the Tenant Work Letter, Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Expansion Premises, and Tenant shall accept the Expansion Premises in its presently existing, “as-is” condition, provided that Landlord shall deliver the Expansion Premises to Tenant in good, vacant, broom clean condition and having obtained all required regulatory or governmental closure or decommissioning certificates as required by applicable law (copies or evidence of which shall be provided to Tenant upon request).

7. **Brokers.** Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Second Amendment other than CBRE, Inc. and Kidder Matthews (the “Brokers”), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Second Amendment. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys’ fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party’s dealings with any real estate broker or agent, other than the Brokers. The terms of this Section 7 shall survive the expiration or earlier termination of the term of the Lease, as hereby amended.

8. **Parking.** As of the Effective Date and continuing throughout the Expansion Term, Section 28 of the Original Lease shall apply to the entire parking lot on which the Buildings are located, and the phrase “near the entrance to the Premises” in the penultimate sentence of Section 28 of the Original Lease shall instead state “near the entrance to each of the 561 Building and the 571 Building”.

9. **Security Deposit.** Notwithstanding anything in the Lease to the contrary, the Security Deposit held by Landlord pursuant to the Lease, as amended hereby, shall equal $388,548.44. Landlord and Tenant acknowledge that, in accordance with Article 21 of the Original Lease, Tenant has previously delivered the sum of $235,934.54 (the “Existing Security Deposit”) to Landlord as security for the faithful performance by Tenant of the terms, covenants and conditions of the Lease. Concurrently with Tenant’s execution of this Amendment, Tenant shall deposit with Landlord an amount equal to $152,613.90 to be held by Landlord as a part of the Security Deposit. To the extent that the total amount held by Landlord at any time as security for the Lease, as hereby amended, is less than $388,548.44 as a result of application of Security Deposit funds due to the occurrence of an event of default by Tenant, then Tenant shall pay the difference to Landlord within ten (10) days following Tenant’s receipt of notice thereof from Landlord.

10. **Damage and Destruction.**  
10.1. As of the date of this Second Amendment, all references in Section 11.2 of the Original Lease to “Building” are hereby revised to state “the 561 Building or the 571 Building, or both, as applicable” and all references in Section 13 of the Original Lease to “Premises” are hereby revised to state “the 561 Building or the 571 Building, or both, as applicable.” Because the Premises will include two buildings from and after the Expansion Commencement Date, the
parties acknowledge that the rights of Landlord to terminate the lease in the event of a casualty (Section 11.2 of the Original Lease) or condemnation (Section 13 of the Original Lease) shall be modified as follows: (a) if all or a material portion of each of the 561 Building and the 571 Building are damaged, destroyed, or taken by power of eminent domain, and Landlord elects to exercise any right of termination it may have as a result thereof pursuant to the terms of the Lease, as amended hereby, then the termination must apply to the entire Premises, (b) if all or a material portion of the 571 Building is damaged, destroyed, or taken by power of eminent domain (but no portion of the 561 Building is so damaged or taken), and Landlord elects to exercise any right of termination it may have as a result thereof pursuant to the terms of the Lease, as amended hereby, then the termination shall apply to the 571 Building only, and (c) if all or a material portion of the 561 Building is damaged, destroyed, or taken by power of eminent domain (whether or not any portion of the 571 Building is so damaged or taken), and Landlord elects to exercise any right of termination it may have as a result thereof pursuant to the terms of the Lease, as amended hereby, then the termination shall apply to the entire Premises, then the Lease, as amended hereby, shall terminate with respect to the entire Premises on the effective date of such termination.

10.2. The following sentence is hereby added at the end of Section 11.2 of the Original Lease:

"Alternatively, upon the termination of Tenant’s lease of the portion of the Premises in one or the other of the 561 Building or the 571 Building under any of the provisions of this Article 11, the parties shall be released with respect to the provisions of the Lease which are applicable to the terminated portion of the Premises without further obligation to the other from the date possession of the terminated portion of the Premises is surrendered to Landlord, except for items which have theretofore accrued and are then unpaid. If Landlord elects to terminate the Lease with respect to more than fifty percent (50%) of the Premises contained in the 561 Building, whether in any one instance or series of instances, Tenant shall thereafter have the right, effective upon thirty (30) days’ written notice to Landlord, to terminate the Lease with respect to the entire Premises, unless Landlord agrees in writing within said thirty-day period to repair or restore the portion of the Premises so affected and reinstate the Lease with respect thereto."

11. **Lease Bifurcation.** Landlord and Tenant hereby acknowledge that Landlord may, in its reasonable discretion (e.g., in connection with the financing, refinancing, or sale of any or all of the Project), require that separate leases exist with regard to each of the 561 Building and the 571 Building. If Landlord so reasonably requires, the parties agree to bifurcate the Lease, as amended, into separate leases at Landlord’s sole cost and expense; provided, however, such resulting, bifurcated leases shall, on a collective basis, (i) be on the same terms as set forth in the Lease, as amended hereby (provided that in no event shall certain rights of Tenant which are reasonably assignable to only one of such leases be duplicated in the other of such leases), and (ii) be in form and substance reasonably approved by Tenant. Such bifurcated, replacement leases shall, if so required by Landlord and to the extent the same otherwise satisfy the requirements of this Section 11, be executed by Landlord and Tenant within thirty (30) days following Landlord’s written election and delivery of the same to Tenant.
12. **California Accessibility Disclosure.** For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Project, Building and Premises have not undergone inspection by a Certified Access Specialist (CASp). As required by Section 1938(e) of the California Civil Code, Landlord hereby states as follows: “A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.” In furtherance of the foregoing, Landlord and Tenant hereby agree as follows: (a) any CASp inspection requested by Tenant shall be conducted, at Tenant’s sole cost and expense, by a CASp approved in advance by Landlord; and (b) pursuant to Article 24 below, Tenant, at its cost, is responsible for making any repairs within the Premises to correct violations of construction-related accessibility standards; and, if anything done by or for Tenant in its use or occupancy of the Premises shall require repairs to the Building (outside the Premises) to correct violations of construction-related accessibility standards, then Tenant shall, at Landlord’s option, either perform such repairs at Tenant’s sole cost and expense or reimburse Landlord upon demand, as Additional Rent, for the cost to Landlord of performing such repairs.

13. **Modifications to Original Lease.**

13.1. In Section 3 of the Original Lease, the phrase “for which Base Rent is payable pursuant to the terms of the Lease, as amended” is hereby inserted after the words “each and every calendar month during the Lease Term.”

13.2. The phrase “such that the Premises are remediated to the condition existing prior to such Release” at the end of Section 5.3.1.3 of the Original Lease is hereby replaced with the following language: “such that the Premises are remediated to the condition necessary to allow the Premises to be used for the purposes allowed as of the date of this Second Amendment.”

13.3. The phrase “required for the unrestricted use of the Premises” in Section 5.3.4.3 of the Original Lease is hereby replaced with the following language: “required to allow the Premises to be used for the purposes allowed as of the date of this Second Amendment.”

13.4. The following sentence is hereby added to the end of Article 16 of the Original Lease: “If Tenant fails to surrender possession of only one of either: (i) all or any portion of the 561 Building, or (ii) all or any portion of the 571 Building, but in either case has surrendered possession of the other Building and another tenant of Landlord has the right of possession to such other Building, then, from and after the date that such succeeding tenant has the right of possession to such other Building, holdover rent pursuant to this Section 16 shall only be payable by Tenant for the Building which Tenant has failed to surrender possession, on a per-square-foot basis.”

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14. **Work Letter.** Automatically upon the Expansion Commencement Date, the phrase “Landlord’s TI Work” in the Original Lease shall be deemed to include both the “Expansion Tenant Improvements” and “Tenant Improvements” as used herein and in the Expansion Work Letter, and the phrase “Tenant Work Letter” in the Original Lease shall be deemed to include reference to the “Expansion Work Letter”.

15. **Environmental.** Under no circumstance shall Tenant be liable for, and Landlord shall indemnify, defend, protect and hold harmless Tenant and Tenant’s Agents from and against all losses, costs, claims, liabilities and damages (including attorneys’ and consultants’ fees) arising out of any Hazardous Materials that exist in, on or about the 571 Building as of the date Landlord delivers possession of the Expansion Premises to Tenant in the condition required by this Second Amendment (including without limitation this Section 15), or Hazardous Materials Released by Landlord or any Landlord Parties. Landlord will provide Tenant with copies of any Hazardous Material reports relating to the 571 Building that Landlord has in its immediate possession, and will provide Tenant with copies or evidence of all closure or decommissioning certificates as required by applicable law which are obtained in connection with the closure of the Expansion Premises by the previous occupant upon Tenant’s request. The provision of such reports shall be for informational purposes only, and Landlord does not make any representation or warranty as to the correctness or completeness of any such reports.

16. **Signage.** Tenant shall have the same signage rights for the 571 Building as are provided for the 561 Building in Article 23 of the Original Lease. Landlord agrees that “FLX Bio”; “FLX” and reasonable extensions thereof are not Objectionable Names.

17. **Representations and Warranties of Landlord.** Each of the representations and warranties made by Landlord in the Lease are hereby made by Landlord as of the date hereof with respect to the Expansion Premises.

18. **Generator.** Subject to the terms of the Lease, and applicable laws, Tenant shall be entitled to, at Tenant’s sole cost (which may be paid with use of the Tenant Improvement Allowance, as that term is defined in the Tenant Work Letter), to install a generator and fuel tank (“Expansion Generator”) for Tenant’s exclusive use in connection with the 571 Building in an area mutually agreed upon by Landlord and Tenant. In connection with the Expansion Generator, Tenant shall have the right to install such other items to the exterior of the 571 Building as are described in Section 5.4.1 of the Original Lease (“Expansion Outside Equipment”). From and after the Effective Date, references in the Original Lease to “Generator” shall be deemed to additionally include reference to the “Expansion Generator” and references in the Original Lease to “Outside Equipment” shall be deemed to additionally include reference to the “Expansion Outside Equipment.”
19. **Miscellaneous.**

19.1. **Counterparts; Electronic Signatures.** This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Second Amendment attached thereto. A facsimile or portable document format (PDF) signature on this Assignment shall be equivalent to, and have the same force and effect as, an original signature.

19.2. **No Further Modification.** Except as set forth in this Second Amendment, all of the terms and provisions of the Lease shall apply with respect to the Expansion Premises and shall remain unmodified and in full force and effect. In the event of any conflict between the provisions of this Second Amendment and the provisions of the Lease the provisions of this Second Amendment shall prevail. Whether or not specifically amended by this Second Amendment, all of the terms and provisions of the Lease are hereby amended to the extent necessary to give effect to the purpose and intent of this Second Amendment.

[signatures contained on following page]
IN WITNESS WHEREOF, this Second Amendment has been executed as of the day and year first above written.

LANDLORD:

HCP, INC.,
a Delaware corporation

By: /s/ Scott Bohn
Name: Scott Bohn
Its: Vice President

TENANT:

FLX BIO, INC.,
a Delaware corporation

By: /s/ Brian Wong
Name: Brian Wong
Its: President and CEO

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EXHIBIT A
OUTLINE OF EXPANSION PREMISES
EXHIBIT B

TENANT WORK LETTER

This Tenant Work Letter shall set forth the terms and conditions relating to the improvement of the Premises for Tenant following the date of this Second Amendment. This Tenant Work Letter is essentially organized chronologically and addresses the issues of construction, in sequence, as such issues will arise during construction in the Premises.

SECTION 1

CONDITION OF PREMISES

Tenant acknowledges that except as provided in the preceding sentence, Tenant shall accept the Premises in their existing, “as-is” condition on the date of delivery thereof to Tenant. Except for the payment of the Tenant Improvement Allowance as provided in Section 2, below, Landlord shall have no obligation to make or pay for any improvements to the Premises, provided that Landlord at its sole cost shall be responsible to cause the exterior of the 571 Building, the existing Building entrances, and all exterior Common Areas (including required striping and handicapped spaces in the parking areas) to be in compliance with applicable laws, to the extent required to allow the legal occupancy of the Expansion Premises for the permitted use or completion of the Tenant Improvements (subject to Tenant’s interior design and utilization of existing entrances for required egress from The 571 Building).

SECTION 2

TENANT IMPROVEMENTS

2.1 Tenant Improvement Allowance. Commencing as of the date of the full execution and delivery of this Second Amendment, Tenant shall be entitled to use a one-time improvement allowance in the aggregate amount of $1,419,910.00 which is comprised of (i) $303,760.00 (the “Existing Premises Improvement Allowance”), for the costs relating to the design and construction of Tenant’s improvements, which are permanently affixed to the Existing Premises only (the “Existing Premises Improvements”) or which are “Tenant Improvement Allowance Items,” as that term is defined in Section 2.2.1, below, and (ii) $1,116,150.00 (the “Expansion Premises Improvement Allowance”) for the costs relating to the design and construction of Tenant’s improvements which are permanently affixed to the Expansion Premises only (the “Expansion Premises Improvements”) or which are Tenant Improvement Allowance Items. Collectively, the Expansion Premises Improvement Allowance and the Existing Premises Improvement Allowance are the “Tenant Improvement Allowance”. Landlord and Tenant agree and acknowledge that the Expansion Premises Improvements may include work to the exterior of the 571 Building (including, without limitation, rooftop equipment and an exterior enclosure and equipment yard) (collectively, the “Exterior Improvements”), provided that any such Exterior Improvements shall be subject to Landlord’s prior written approval, to be withheld in Landlord’s sole and absolute discretion if such
Exterior Improvements will adversely affect the exterior (including appearance), the structural integrity, or the proper functioning of the building systems of the 571 Building. In the event that any portion of the Existing Premises Improvement Allowance will not be allocated to pay for the Existing Premises Improvements (to be determined in Tenant’s reasonable discretion), then Tenant may, by written notice to Landlord, to allocate such unused portion of the Existing Premises Improvement Allowance to pay for the Expansion Premises Improvements (and items related thereto as specified in Section 2.2.1 below), and any such use of the Existing Premises Improvement Allowance may be made without the requirement that Tenant use all or any portion of the Additional TI Allowance (as defined in Section 2.5 below). In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter or otherwise in connection with Tenant’s construction of the Tenant Improvements or any Tenant Improvement Allowance Items, as defined below, in a total amount which exceeds the sum of the Tenant Improvement Allowance. All Tenant Improvements for which the Tenant Improvement Allowance has been made available shall be deemed Landlord’s property under the terms of the Lease; provided, however, Landlord may, by written notice to Tenant concurrently with Landlord’s approval of the “Final Working Drawings”, as that term is defined in Section 3.3, below, require Tenant, prior to the end of the Lease Term, or following any earlier termination of the Lease, at Tenant’s expense, to remove any Tenant Improvements which are reasonably deemed to be “Specialty Alterations” (defined below) and to repair any damage to the Premises and Building caused by such removal and return the affected portion of the Premises to the condition in existence prior to such Specialty Alterations. Any portion of the Tenant Improvement Allowance that is not disbursed or allocated for disbursement by the date which is twelve (12) months after the date Landlord delivers possession of the Expansion Premises to Tenant (the “TI Disbursement Date”), shall revert to Landlord and Tenant shall have no further rights with respect thereto. As used herein, “Specialty Alterations” shall mean any Tenant Improvement that is not a normal and customary general office or laboratory improvement, including, but not limited to improvements which (i) perforate, penetrate or require reinforcement of a floor slab (including, without limitation, interior stairwells or high-density filing or racking systems), (ii) consist of the installation of a raised flooring system, (iii) consist of the installation of a vault or other similar device or system intended to secure the Premises or a portion thereof in a manner that exceeds the level of security necessary for ordinary office space, (iv) involve material plumbing connections (such as, for example but not by way of limitation, kitchens (other than customary break-rooms with a refrigerator, sink and dishwasher), saunas, showers, and executive bathrooms outside of the Building core and/or special fire safety systems), or (v) can be seen from outside the Premises.

2.2 Disbursement of the Tenant Improvement Allowance

2.2.1 Tenant Improvement Allowance Items. Except as otherwise set forth in this Tenant Work Letter, the Tenant Improvement Allowance and Additional Improvement Allowance shall be disbursed by Landlord only for the following items and costs (collectively the “Tenant Improvement Allowance Items”):

2.2.1.1 Payment of all reasonable fees of the “Architect” and the “Engineers,” as those terms are defined in Section 3.1 of this Tenant Work Letter, project management fees, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord’s consultants in connection with the preparation and review of the “Construction Drawings,” as that term is defined in Section 3.2 of this Tenant Work Letter;

EXHIBIT B

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2.2.1.2 The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.1.3 The payment for all demolition and removal of existing improvements in the Premises;

2.2.1.4 The cost of construction of the Tenant Improvements, including, without limitation, testing and inspection costs, costs incurred for removal of existing furniture, fixtures or equipment in the Premises, hoisting and trash removal costs, costs to purchase and install in the Premises equipment customarily incorporated into laboratory improvements or laboratory utility systems, including, without limitation, UPS, DI Systems, boilers, air compressors, glass/cage washers and autoclaves, painting, and contractors’ fees and general conditions;

2.2.1.5 The cost of any changes in the Base Building when such changes are required by the Construction Drawings (including if such changes are due to the fact that such work is prepared on an unoccupied basis), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.6 The cost of any changes to the Construction Drawings or Tenant Improvements required by all applicable building codes (the “Code”);

2.2.1.7 Sales and use taxes;

2.2.1.8 all other actual and reasonable out-of-pocket costs expended by Landlord in connection with the construction of the Tenant Improvements, including, without limitation, costs expended by Landlord pursuant to Section 4.1.1 of this Tenant Work Letter, below.

2.2.2 Disbursement of Tenant Improvement Allowance. During the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Tenant Improvement Allowance and Additional Improvement Allowance, if applicable, for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows.

2.2.2.1 Monthly Disbursements. On or before the fifth (5th) day of each calendar month, during the design and construction of the Tenant Improvements (or such other date as Landlord may designate), Tenant shall deliver to Landlord: (i) a request for reimbursement of amounts paid to the “Contractor,” as that term is defined in Section 4.1.1 of this Tenant Work Letter, approved by Tenant, in a form to be provided by Landlord, showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Premises, detailing the portion of the work completed and the portion not completed; (ii) invoices from all of “Tenant’s Agents,” as that term is defined in Section 4.1.2 of this Tenant Work Letter, for labor rendered and materials for the Premises; (iii) executed mechanic’s lien releases, as applicable, from all of Tenant’s Agents which shall comply with the appropriate provisions, as reasonably determined by Landlord, of California Civil Code Sections 8132, 8134, 8136 and 8138; and (iv) all other information reasonably requested by Landlord. Tenant’s request for payment shall be deemed Tenant’s acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant’s payment request. Within forty-five (45) days thereafter, Landlord shall deliver a check to Tenant made payable to Tenant in payment of the lesser of: (A) the amounts so requested by Tenant as set forth in this Section 2.2.2.1, above, and (B) the balance of any remaining available portion of
the Tenant Improvement Allowance and Additional Improvement Allowance, if applicable, provided that Landlord does not dispute any request for payment based on non-compliance of any work with the “Approved Working Drawings,” as that term is defined in Section 3.5 below, or due to any substandard work. Landlord’s payment of such amounts shall not be deemed Landlord’s approval or acceptance of the work furnished or materials supplied as set forth in Tenant’s payment request.

2.2.2 Final Deliveries. Following the completion of construction of the Tenant Improvements, Tenant shall deliver to Landlord properly executed final mechanic’s lien releases in compliance with both California Civil Code Section 8134 and either Section 8136 or Section 8138 from all of Tenant’s Agents, and a certificate certifying that the construction of the Tenant Improvements in the Premises has been substantially completed. Tenant shall record a valid Notice of Completion in accordance with the requirements of Section 4.3 of this Tenant Work Letter.

2.2.2.3 Other Terms. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance and Additional Improvement Allowance, if applicable, to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items. All Tenant Improvement Allowance Items for which the Tenant Improvement Allowance and Additional Improvement Allowance have been made available shall be deemed Landlord’s property under the terms of the Lease.

2.4 Building Standards. The quality of Tenant Improvements shall be in keeping with the existing improvements in the Premises.

2.5 Additional Tenant Improvement Allowance. In addition to the Tenant Improvement Allowance, Tenant shall have the right, by written notice to Landlord given on or before the TI Disbursement Date, to use up to $20.00 per rentable square foot of the Expansion Premises (i.e., up to $127,560.00) (the “Additional TI Allowance”) towards the payment of the costs of the Tenant Improvement Allowance Items in the Expansion Premises only. In the event Tenant exercises its right to use all or any portion of the Additional TI Allowance, Tenant shall be required to pay Landlord, commencing on the date the Tenant Improvements are completed (the “Additional Payment Commencement Date”), the “Additional TI Allowance Payment,” as that term is defined below, in consideration of Landlord provision of the Additional TI Allowance. The “Additional TI Allowance Payment” shall be determined as the missing component of an annuity, which annuity shall have (i) the amount of the Additional TI Allowance utilized by Tenant as the present value amount, (ii) a number equal to the number of full calendar months then remaining in the Expansion Term as the number of payments, (iii) a monthly interest factor equal to eighty-three one-hundredths percent (0.83%), which is equal to ten percent (10%) divided by twelve (12) months per year, and (iv) the Additional TI Allowance Payment as the missing component of the annuity. Following the calculation of the Additional TI Allowance Payment, Landlord and Tenant will enter into a lease amendment to confirm the amount thereof.

EXHIBIT B
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SECTION 3
CONSTRUCTION DRAWINGS

3.1 Selection of Architect. Tenant shall retain an architect/space planner (the “Architect”) approved in advance by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed) to prepare the Final Space Plan and Final Working Drawings as provided in Section 3.2 and 3.3, below. Tenant shall retain the engineering consultants or design/build subcontractors designated by Tenant and reasonably approved in advance by Landlord (the “Engineers”) to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, lifesafety, and sprinkler work in the Premises, which work is not part of the Base Building. All such plans and drawings shall comply with the drawing format and specifications reasonably determined by Landlord, and shall be subject to Landlord’s reasonable approval. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the Base Building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord’s review of any plans or drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord’s review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Landlord hereby pre-approves DGA as the Architect. Landlord shall approve or reasonably disapprove Tenant’s request for approval of Tenant’s Engineers, within three (3) business days following Landlord’s receipt of Tenant’s written request therefor. If Landlord fails to respond to such request for approval within the three (3) business day period set forth above, Tenant may send Landlord a notice setting forth such failure and warning that a continuing failure to respond may result in a “deemed approval” (the “Engineer Reminder Notice”). If Landlord fails to respond to approve or reasonably disapprove of Tenant’s Engineers within two (2) business days after receipt of the Engineer Reminder Notice, such Engineers shall be deemed approved by Landlord.

3.2 Final Space Plan. Tenant shall supply Landlord with four (4) copies signed by Tenant of its final space plan for the Expansion Premises or the Existing Premises, as the case may be, before any architectural working drawings or engineering drawings have been commenced for such portion of the Premises. The final space plan (the “Final Space Plan”) shall include a layout and designation of all offices, labs, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord’s receipt of the Final Space Plan for such Premises if the same is unsatisfactory or incomplete in any respect (including reasonably specific detail as to Landlord’s grounds for objection). If Tenant is so advised, Tenant shall promptly cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require. If Landlord fails to respond with respect to the Final Space Plan within the five (5) business day period, Tenant may deliver Landlord a reminder notice, and if Landlord fails to respond within three (3) business days after receipt of the reminder notice, the Final Space Plan shall be deemed approved. Notwithstanding the foregoing, Landlord’s approval of the Final Space Plan shall not be unreasonably withheld, provided that Landlord and Tenant hereby agree it shall be deemed reasonably for Landlord to withhold its approval of the Final Space Plan if a “Design Problem” exists. A “Design Problem” shall mean and refer to any design criteria which would (a) adversely affect the Building structure or Building systems; (b) be in non-compliance with codes or other applicable laws; (c) be seen from the exterior of the Premises (except for the Exterior Improvements); (d) cause material interference with Landlord or other tenants of the Building (other than as typical for construction of improvements), or (e) affect the certificate of occupancy or its legal equivalent for the Building or any portion thereof.

EXHIBIT B
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3.3 **Final Working Drawings.** After the Final Space Plan has been approved (or deemed approved) by Landlord, Tenant shall supply the Engineers with a complete listing of standard and non-standard equipment and specifications, including, without limitation, Title 24 calculations, electrical requirements and special electrical receptacle requirements for the Premises, to enable the Engineers and the Architect to complete the “Final Working Drawings” (as that term is defined below) in the manner as set forth below. Upon the approval (or deemed approval) of the Final Space Plan by Landlord, Tenant shall promptly cause the Architect and the Engineers to compile the architectural and engineering drawings for such portion of the Premises, and Architect shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing working drawings in a form which is sufficiently complete to allow Tenant’s Agents to bid on the work and to obtain all applicable permits (collectively, the “Final Working Drawings”) and shall submit the same to Landlord for Landlord’s approval, which shall not be unreasonably withheld, conditioned, or delayed. Tenant shall supply Landlord with four (4) copies signed by Tenant of such Final Working Drawings. Landlord shall advise Tenant within ten (10) business days after Landlord’s receipt of the Final Working Drawings for such Premises if the same is unsatisfactory or incomplete in any respect (including reasonably specific detail as to Landlord’s grounds for objection). If Tenant is so advised, Tenant shall promptly cause the Final Working Drawings to be revised in accordance with such review and any disapproval of Landlord in connection therewith. If Landlord fails to respond with respect to the Final Working Drawings within the ten (10) business day period, Tenant may deliver Landlord a reminder notice, and if Landlord fails to respond within three (3) business days after receipt of the reminder notice, the Final Working Drawings shall be deemed approved. Notwithstanding the foregoing, Landlord’s approval of the Final Working Drawings shall not be unreasonably withheld; provided that Landlord and Tenant hereby agree that it shall be deemed reasonable for Landlord to withhold its approval of the Final Working Drawings if a Design Problem exists or if the Final Working Drawings are inconsistent with the Final Space Plan.

3.5 **Approved Working Drawings.** The Final Working Drawings shall be approved (or deemed approved) by Landlord (the “Approved Working Drawings”) prior to the commencement of construction in the applicable portion of the Premises by Tenant. Concurrently with Tenant’s delivery of the Final Working Drawings to Landlord for Landlord’s approval, Tenant may submit the same to the appropriate municipal authorities for all applicable building permits. Tenant hereby agrees that neither Landlord nor Landlord’s consultants shall be responsible for obtaining any building permit or certificate of occupancy for such portion of the Premises and that obtaining the same shall be Tenant’s responsibility; provided, however, that Landlord shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned, or delayed.

3.6 **Electronic Approvals.** Notwithstanding any provision to the contrary contained in the Lease or this Expansion Work Letter, Landlord may transmit or otherwise deliver any of the approvals required under this Expansion Work Letter via electronic mail to Tenant’s representative identified in Section 5.2 of this Expansion Work Letter.
SECTION 4
CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 Tenant’s Selection of Contractors

4.1.1 The Contractor; Landlord’s Project Manager. Tenant shall retain a licensed general contractor, approved in advance by Landlord, to construct the Tenant Improvements (“Contractor”). Landlord’s approval of the Contractor shall not be unreasonably withheld. Landlord shall retain Project Management Advisors, Inc. (“PMA”) as a third party project manager for construction oversight of the Tenant Improvements on behalf of Landlord, and Tenant shall pay a fee to Landlord with respect to the PMA services equal to $4,335.00 per month of planning and construction of the Tenant Improvements, which fee may be paid from the Tenant Improvement Allowance. Landlord hereby pre-approves Landmark Builders, RC Benson, or Hathaway Dinwiddie as Contractors.

4.1.2 Tenant’s Agents. All subcontractors, laborers, materialmen, and suppliers used by Tenant (such subcontractors, laborers, materialmen, and suppliers, and the Contractor to be known collectively as “Tenant’s Agents”). The subcontractors used by Tenant, but not any laborers, materialmen, and suppliers, must be approved in writing by Landlord, which approval shall not be unreasonably withheld, conditioned, or delayed; provided, however, Landlord may nevertheless designate and require the use of particular mechanical, engineering, plumbing, fire life-safety and other Base Building subcontractors. If Landlord does not approve any of Tenant’s proposed subcontractors, Tenant shall submit other proposed subcontractors for Landlord’s written approval.

4.2 Construction of Tenant Improvements by Tenant’s Agents

4.2.1 Construction Contract; Cost Budget. Tenant shall engage the Contractor under a commercially reasonable and customary construction contract (collectively, the “Contract”). Prior to the commencement of the construction of any Phase of the Tenant Improvements, and after Tenant has accepted all bids for the Tenant Improvements, Tenant shall provide Landlord with a detailed breakdown, by trade, of the final costs to be incurred or which have been incurred in connection with the design and construction of the relevant Phase of the Tenant Improvements (each, a “Final Budget”). Any costs of design and construction of the Tenant Improvements in excess of the Tenant Improvement Allowance shall be paid by Tenant out of its own funds once the Tenant Improvement Allowance is exhausted, but Tenant shall continue to provide Landlord with the documents described in Sections 2.2.2.1(i), (ii), (iii) and (iv) of this Tenant Work Letter, above, for Landlord’s approval, prior to Tenant paying such costs.

4.2.2 Tenant’s Agents.

4.2.2.1 Compliance with Drawings and Schedule. Tenant’s and Tenant’s Agent’s construction of the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the Approved Working Drawings; and (ii) Tenant’s Agents shall submit schedules of all work relating to the Tenant’s Improvements to Contractor and Contractor shall, within five (5) business days of receipt thereof, inform Tenant’s Agents of any changes which are necessary thereto, and Tenant’s Agents shall adhere to such corrected schedule.
4.2.2 Indemnity. Tenant’s indemnity of Landlord as set forth in the Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant’s Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant’s non-payment of any amount arising out of the Tenant Improvements and/or Tenant’s disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in the Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord’s performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy for the Premises. The foregoing indemnity shall not apply to claims caused by the gross negligence or willful misconduct of Landlord, its member partners, shareholders, officers, directors, agents, employees, and/or contractors.

4.2.2.2 Requirements of Tenant’s Agents. Each of Tenant’s Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of substantial completion of the work under the Contract for the applicable Premises (i.e. the Expansion Premises or the Existing Premises) (for each such Premises “Substantial Completion”). Each of Tenant’s Agents shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after Substantial Completion. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the applicable Tenant Improvements, and/or the applicable Building and/or common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the applicable Tenant Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

4.2.2.4 Insurance Requirements.

4.2.2.4.1 General Coverages. All of Tenant’s Agents shall carry the following insurance with insurers having a minimum A.M. best rating of A- VIII or better (i) worker’s compensation insurance covering all of Tenant’s Agents’ respective employees with a waiver of subrogation in favor of Landlord and the property manager, (ii) general liability insurance with a limit of not less than $1,000,000 per occurrence and $2,000,000 general aggregate, including products/completed operations and contractual coverage, and including Landlord and its property manager as additional insureds, and (ii) if the cost of such Tenant Improvements exceeds $100,000 in the aggregate, then Builders Risk insurance covering the construction of the Tenant Improvements, and such policy shall include Landlord as an additional insured.

4.2.2.4.2 Intentionally Omitted.
4.2.2.4.3 **General Terms.** Certificates for all insurance carried pursuant to this **Section 4.2.2.4** shall be delivered to Landlord before the commencement of construction of the Expansion Tenant Improvements and before the Contractor’s equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will endeavor to give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Expansion Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant’s sole cost and expense. Tenant’s Agents shall maintain all of the foregoing insurance coverage in force until the Expansion Tenant Improvements are fully completed, except for any Products and Completed Operation Coverage insurance required by Landlord, which is to be maintained for ten (10) years following completion of the work. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under **Section 4.2.2.2** of this Tenant Work Letter.

4.2.2 **Governmental Compliance.** The Tenant Improvements shall comply in all respects with the following: (i) all state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer’s specifications.

4.2.4 **Inspection by Landlord.** Landlord shall have the right to inspect the Tenant Improvements at all times, provided however, that Landlord’s failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord’s rights hereunder nor shall Landlord’s inspection of the Tenant Improvements constitute Landlord’s approval of the same. Should Landlord reasonably disapprove any portion of the Tenant Improvements, on the grounds that the construction is defective or fails to comply with the Approved Working Drawings, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any such defects or deviations shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord determines that a defect or deviation exists that might adversely affect the mechanical, electrical, plumbing, heating, ventilating and air conditioning or life-safety systems of the Building, the structure or exterior appearance of the Building or any other tenant’s use of such other tenant’s leased premises, Landlord may, take such action as Landlord reasonably deems necessary, at Tenant’s expense and without incurring any liability on Landlord’s part, to correct any such defect, deviation and/or matter, including, without limitation, causing the cessation of performance of the construction of the Tenant Improvements until such time as the defect, deviation and/or matter is corrected to Landlord’s reasonable satisfaction.

4.2.5 **Meetings.** Commencing upon the execution of this Second Amendment, Tenant shall hold weekly meetings at a reasonable time, with the Architect and the Contractor regarding the progress of the preparation of Construction Drawings and the construction of the Tenant Improvements, and Landlord and/or its agents shall receive prior notice of, and shall have the right to attend, all such meetings, and, upon Landlord’s request, certain of Tenant’s Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. One such meeting each month shall include the review of Contractor’s current request for payment.

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4.3 **Notice of Completion; Copy of Record Set of Plans.** Within ten (10) days after completion of construction of the Tenant Improvements, Tenant shall cause a valid Notice of Completion to be recorded in the office of the Recorder of the county in which the Building is located in accordance with Section 8182 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant’s agent for such purpose, at Tenant’s sole cost and expense. At the conclusion of construction, (i) Tenant shall cause the Architect and Contractor to update the Approved Working Drawings as necessary to reflect all changes made to the Approved Working Drawings during the course of construction, (v) to certify to the best of their knowledge that the “record-set” of as-built drawings are true and correct, which certification shall survive the expiration or termination of the Lease, and (z) to deliver to Landlord two (2) sets of copies of such record set of drawings (hard copy and CAD files) within ninety (90) days following issuance of a certificate of occupancy for the Premises, and (ii) Tenant shall deliver to Landlord a copy of all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the Premises. Within fifteen (15) days after request by Tenant following the Substantial Completion of the Tenant Improvements, Landlord will acknowledge its approval of the Tenant Improvements (provided that such approval has been granted) by placing its signature on a Contractor’s Certificate of Substantial Completion fully executed by the Architect, Contractor and Tenant. Landlord’s approval shall not create any contingent liabilities for Landlord with respect to any latent quality, design, Code compliance or other like matters that may arise subsequent to Landlord’s approval.

**SECTION 5**

**MISCELLANEOUS**

5.1 **Intentionally Omitted.**

5.2 **Tenant’s Representative.** Tenant has designated Karen Lam of FLX Bio as its sole representatives with respect to the matters set forth in this Tenant Work Letter, who shall each have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.3 **Landlord’s Representative.** Landlord has designated Jeff Marcowitz with PMA, as its sole representatives with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.4 **Time is of the Essence in This Tenant Work Letter.** Unless otherwise indicated, all references herein to a “number of days” shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

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5.5 **Tenant's Lease Default.** Notwithstanding any provision to the contrary contained in the Lease or this Tenant Work Letter, if any default by Tenant under the Lease or this Tenant Work Letter (including, without limitation, any failure by Tenant to fund any portion of the Over-Allowance Amount) occurs at any time on or before the substantial completion of the Tenant Improvements and such default remains uncured ten (10) days following Landlord’s notice of such default to Tenant, then in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance and/or Landlord may, without any liability whatsoever, cause the cessation of construction of the Tenant Improvements (in which case, Tenant shall be responsible for any delay in the substantial completion of the Tenant Improvements and any costs occasioned thereby).

5.6 **Construction Parking.** Landlord shall provide, and neither Tenant nor Tenant’s Agents shall be charged for, on-site parking to the extent utilized in connection with the construction of the Tenant Improvements.

5.7 **Bifurcation of Work.** Landlord and Tenant acknowledge that work relating to the Expansion Premises Improvements will commence prior to work relating to the Existing Premises Improvements, and that the progress of the work in either of the Expansion Premises or the Existing Premises is not contingent on progress of the work in the other (each, a “Phase”). The various Construction Drawings referenced hereunder will be prepared and approved separately with respect to each of the Expansion Premises and the Existing Premises.
THIRD AMENDMENT TO LEASE

This THIRD AMENDMENT TO LEASE (this “Third Amendment”) is made and entered into as of December 13, 2018 (the “Effective Date”), by and between HCP, INC., a Delaware corporation (“Landlord”), and FLX BIO, INC., a Delaware corporation (“Tenant”).

RECITALS:

A. Landlord and Tenant (as successor-in-interest to Flexus Biosciences, Inc. (“Flexus”) pursuant to that certain Contribution Agreement between Flexus and Tenant dated as of April 6, 2015 (the “Assignment”) are parties to that certain Lease dated October 10, 2014, (the “Original Lease”), as supplemented by that certain Notice of Lease Term Dates dated June 4, 2015 (the “Notice of Lease Term Dates”) and as amended by that certain First Amendment to Lease dated April 29, 2015 (the “First Amendment”) and that certain Second Amendment to Lease dated April 12, 2018 (the “Second Amendment”), pursuant to which Tenant leases 36,754 rentable square feet of space (the “Premises”) consisting of 30,376 rentable square feet of space in that certain building located at 561 Eccles Avenue, South San Francisco, California 94080 (the “561 Building”) and 6,378 rentable square feet of space in the building located at 571 Eccles Avenue, South San Francisco, California 94080 (the “571 Building”). The Original Lease, the Notice of Lease Term Dates, the First Amendment and the Second Amendment are collectively, the “Lease.”

B. Landlord and Tenant desire to amend the Lease as set forth herein, and in connection therewith, Landlord and Tenant desire to amend the Lease as hereinafter provided.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Capitalized Terms; Incorporation of Recitals. All capitalized terms when used herein shall have the same meaning as is given such terms in the Lease unless expressly superseded by the terms of this Third Amendment. The foregoing Recitals are incorporated by reference as if set forth fully herein.

2. Second Amendment Tenant Improvement Allowance. Pursuant to the terms of the Tenant Work Letter attached to the Second Amendment, Tenant is entitled to a Tenant Improvement Allowance in the aggregate amount of $1,419,910.00. In connection therewith, the terms of Section 2.1 of such Tenant Work Letter require that $303,760.00 (i.e., the Existing Premises Improvement Allowance) be used only for Existing Premises Improvements, subject to Tenant’s right to elect to allocate any unused portion of the Existing Premises Improvement Allowance to pay for the Expansion Premises Improvements upon written notice to Landlord.
Pursuant to such right, Tenant has delivered written notice to Landlord electing to allocate the entire Existing Premises Improvement Allowance for Expansion Premises Improvements and accordingly, effective as of the date of this Third Amendment, Tenant shall be entitled to use the entirety of the Tenant Improvement Allowance towards Expansion Premises Improvements.

3. **No Broker.** Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Third Amendment, and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Third Amendment. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys’ fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party’s dealings with any real estate broker or agent. The terms of this Section 3 shall survive the expiration or earlier termination of the term of the Lease, as hereby amended.

4. **Miscellaneous.**

4.1. **Counterparts; Electronic Signatures.** This Third Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Third Amendment attached thereto. A facsimile or portable document format (PDF) signature on this Assignment shall be equivalent to, and have the same force and effect as, an original signature.

4.2. **No Further Modification.** Except as set forth in this Third Amendment, all of the terms and provisions of the Lease shall apply with respect to the Expansion Premises and shall remain unmodified and in full force and effect. In the event of any conflict between the provisions of this Third Amendment and the provisions of the Lease the provisions of this Third Amendment shall prevail. Whether or not specifically amended by this Third Amendment, all of the terms and provisions of the Lease are hereby amended to the extent necessary to give effect to the purpose and intent of this Third Amendment.

[signatures contained on following page]
IN WITNESS WHEREOF, this Third Amendment has been executed as of the day and year first above written.

<table>
<thead>
<tr>
<th>LANDLORD:</th>
<th>TENANT:</th>
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<tbody>
<tr>
<td>HCP, INC.,</td>
<td>FLX BIO, INC.,</td>
</tr>
<tr>
<td>a Delaware corporation</td>
<td>a Delaware corporation</td>
</tr>
<tr>
<td>By: /s/ Scott Bohn</td>
<td>By: /s/ Rekha Hemrajani</td>
</tr>
<tr>
<td>Name: Scott Bohn</td>
<td>Name: Rekha Hemrajani</td>
</tr>
<tr>
<td>Its: Vice President</td>
<td>Its: COO</td>
</tr>
</tbody>
</table>

By: ____________________________  
Name: ____________________________  
Its: ____________________________

HCP, Inc.

EXHIBIT B  
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[Third Amendment]  
[Flx Bio, Inc.]
CLINICAL TRIAL COLLABORATION AND SUPPLY AGREEMENT

by and between

MSD International GmbH

and

FLX Bio, Inc.

Dated: November 1, 2018
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This CLINICAL TRIAL COLLABORATION AND SUPPLY AGREEMENT (this “Agreement”), is entered into as of November 1, 2018 (the “Effective Date”), by and between MSD International GmbH, having a place of business at Weystrasse 20, 6000 Luzern 6, Switzerland (“Merck”), and FLX Bio, Inc., having a place of business at 561 Eccles Ave., South San Francisco, CA 94080 (“FLX”). Merck and FLX are each referred to herein individually as “Party” and collectively as “Parties”.

RECITALS

A. Merck holds intellectual property rights with respect to the Merck Compound (as defined below).

B. FLX is developing the FLX Compound (as defined below) for the treatment of certain tumor types.

C. Merck is developing the Merck Compound for the treatment of certain tumor types.

D. FLX desires to sponsor a clinical trial in which the FLX Compound and the Merck Compound would be dosed concurrently or in combination.

E. Merck and FLX, consistent with the terms of this Agreement, desire to collaborate as more fully described herein, including by providing the Merck Compound and the FLX Compound for the Study (as defined below) and subject to the Parties’ mutual agreement to proceed with the Study after review of the Clinical Safety Data (as defined below).

NOW, THEREFORE, in consideration of the premises and of the following mutual promises, covenants and conditions, the Parties, intending to be legally bound, mutually agree as follows:

1. Definitions.

For all purposes of this Agreement, the capitalized terms defined in this Article 1 and throughout this Agreement shall have the meanings herein specified.

1.1. “Affiliate” means, with respect to either Party, a firm, corporation, partnership, or other entity that, now or hereafter, directly or indirectly owns or controls said Party, or, now or hereafter, is owned or controlled by said Party, or is under common ownership or control with said Party. The word “control” as used in this definition means (a) the direct or indirect ownership of fifty percent (50%) or more of the outstanding voting securities of a legal entity, or (b) possession, directly or indirectly, of the power to direct the management or policies of a legal entity, whether through the ownership of voting securities, contract rights, voting rights, corporate governance or otherwise.

1.2. “Agreement” means this agreement, as amended by the Parties from time to time, and as set forth in the preamble.
1.3. “Alliance Manager” has the meaning set forth in Section 3.11.3.

1.4. “Applicable Law” means all federal, state, local, national and regional statutes, laws, rules, regulations and directives applicable to a particular activity hereunder, including performance of clinical trials, medical treatment and the processing and protection of personal and medical data, that may be in effect from time to time, including those promulgated by the United States Food and Drug Administration (“FDA”), national regulatory authorities, the European Medicines Agency (“EMA”) and any successor agency to the FDA or EMA or any agency or authority performing some or all of the functions of the FDA or EMA in any jurisdiction outside the United States or the European Union (each a “Regulatory Authority” and collectively, “Regulatory Authorities”), and including cGMP and GCP (each as defined below); all data protection requirements such as those specified in the EU General Data Protection Regulation and the regulations issued under the United States Health Insurance Portability and Accountability Act of 1996 (“HIPAA”); export control and economic sanctions regulations which prohibit the shipment of United States-origin products and technology to certain restricted countries, entities and individuals; anti-bribery and anti-corruption laws pertaining to interactions with government officials, officials and representatives; laws and regulations governing payments to healthcare providers; and any United States or other country’s or jurisdiction’s successor or replacement statutes, laws, rules, regulations and directives relating to the foregoing.

1.5. “Business Day” means any day other than a Saturday, Sunday, or a day on which commercial banks located in the country where the applicable obligations are to be performed are authorized or required by law to be closed.

1.6. “cGMP” means the current Good Manufacturing Practices officially published and interpreted by EMA, FDA and other applicable Regulatory Authorities that may be in effect from time to time and are applicable to the Manufacture of the Compounds.

1.7. “Clinical Data” means all data (including raw data) and results, [***], generated by or on behalf of either Party or at either Party’s direction, or by or on behalf of the Parties together or at their direction, in the course of each such Party’s performance of the Study; [***].

1.8. “Clinical Quality Agreement” has the meaning set forth in Section 8.2.

1.9. “Clinical Safety Data” means all safety-related data and results from the Monotherapy Arm [***] include safety reports containing information on adverse events, SAEs, and compilations and analyses to satisfy any FDA-reporting requirements, including summary tables of laboratory and radiographic data.

1.10. “CMC” means “Chemistry Manufacturing and Controls” as such term of art is used in the pharmaceutical industry.

1.11. “Combination” means the use or method of using the FLX Compound and the Merck Compound in concomitant or sequential administration.

1.12. “Combination Data” means all data (including raw data) and results solely related to the Combination and generated by or on behalf of either Party or at either Party’s direction, or by or on behalf of the Parties together or at their direction, in the course of each such Party’s performance of the Study; [***].
1.13. “Comparative Data” means all data (including raw data) and results generated by or on behalf of either Party or at either Party’s direction, or by or on behalf of the Parties together or at their direction, in evaluating or comparing the Combination Data and the Monotherapy Data, [***].

1.14. “Compounds” means the FLX Compound and the Merck Compound. A “Compound” means either the FLX Compound or the Merck Compound, as applicable.

1.15. “Confidential Information” means any information, Know-How or other proprietary information or materials furnished to one Party (“Receiving Party”) by or on behalf of the other Party (“Disclosing Party”) in connection with this Agreement, except to the extent that such information or materials: (a) was already known to the Receiving Party, other than under an obligation of confidentiality, at the time of disclosure by the Disclosing Party, as demonstrated by competent evidence; (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) was disclosed to the Receiving Party by a Third Party who had no obligation to the Disclosing Party not to disclose such information to others; or (e) was subsequently developed by the Receiving Party without use of the Disclosing Party Confidential Information, as demonstrated by competent evidence.

1.16. “Continuing Party” has the meaning set forth in Section 10.1.1(c).

1.17. “Control” or “Controlled” means, with respect to particular information or intellectual property, that the applicable Party owns or has a license to such information or intellectual property and has the ability to grant a right, license or sublicense to the other Party as provided for herein without violating the terms of any agreement or other arrangement with any Third Party.

1.18. “CTA” means an application to a Regulatory Authority for purposes of requesting the ability to start or continue a clinical trial.


1.20. “Defending Party” has the meaning set forth in Section 14.2.3.

1.21. “Delivery” with respect to the Merck Compound has the meaning set forth in Section 8.4.1, and with respect to the FLX Compound, the meaning set forth in Section 8.4.2. “Delivered” has a correlative meaning.

1.22. “[***]” has the meaning set forth in Section [***].

1.23. “Disclosing Party” has the meaning set forth in the definition of Confidential Information.
1.24. “Disposition Package” has the meaning set forth in Section 8.8.1.
1.25. “Effective Date” has the meaning set forth in the preamble.
1.26. “EMA” has the meaning set forth in the definition of Applicable Law.
1.27. “Enforcing Party” has the meaning set forth in Section 10.1.2(c).
1.28. “Exclusions List” has the meaning set forth in the definition of Violation.
1.29. “FDA” has the meaning set forth in the definition of Applicable Law.
1.30. “Filing Party” has the meaning set forth in Section 10.1.1(c).
1.31. “Final Study Report” has the meaning set forth in Section 3.12.2.
1.32. “FLX” has the meaning set forth in the preamble.
1.33. “FLX Background Patents” has the meaning set forth in Section 10.4.1.
1.34. “FLX Class Compound” means any small or large molecule that binds to CCR4 or CCR4 ligands.
1.35. “FLX Compound” means the small molecule currently designated by FLX as “FLX475”, [***].
1.36. “FLX Inventions” has the meaning set forth in Section 10.2.
1.37. “Force Majeure” has the meaning set forth Article 16.
1.38. “GAAP” has the meaning set forth in Section 6.12.
1.39. “GCP” means the Good Clinical Practices officially published by EMA, FDA and the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH) that may be in effect from time to time and are applicable to the testing of the Compounds.
1.40. “Government Official” means: (a) any officer or employee of a government or any department, agency or instrument of a government; (b) any Person acting in an official capacity for or on behalf of a government or any department, agency, or instrument of a government; (c) any officer or employee of a company or business owned in whole or part by a government; (d) any officer or employee of a public international organization such as the World Bank or United Nations; (e) any officer or employee of a political party or any Person acting in an official capacity on behalf of a political party; and/or (f) any candidate for political office; who, when such Government Official is acting in an official capacity, or in an official decision-making role, has responsibility for performing regulatory inspections, government authorizations or licenses, or otherwise has the capacity to make decisions with the potential to affect the business of either of the Parties.
1.41. “HIPAA” has the meaning set forth in the definition of Applicable Law.

1.42. “IND” means any Investigational New Drug Application filed or to be filed with the FDA as described in Title 21 of the U.S. Code of Federal Regulations, Part 312, and the equivalent application in the jurisdictions outside the United States, including an “Investigational Medicinal Product Dossier” filed or to be filed with Regulatory Authorities in the European Union.

1.43. “[***]” has the meaning set forth in Section [***].

1.44. “Inventions” means all inventions and discoveries, whether or not patentable, that are made, conceived, or first actually reduced to practice by or on behalf of a Party, or by or on behalf of the Parties together, (a) in the design or performance of the Study or in the design or performance of any Subsequent Study performed pursuant to Section 3.15, (b) through use of unpublished Clinical Data, or (c) through use of Sample Testing Results that are shared between the Parties pursuant to the Data Sharing and Sample Testing Schedule.

1.45. “Joint Development Committee” or “JDC” has the meaning set forth in Section 3.11.1.

1.46. “Joint Patent Application” has the meaning set forth in Section 10.1.1(c).


1.48. “Jointly Owned Invention” has the meaning set forth in Section 10.1.1(a).

1.49. “Know-How” means any proprietary invention, innovation, improvement, development, discovery, computer program, device, trade secret, method, know-how, process, technique or the like, including manufacturing, use, process, structural, operational and other data and information, whether or not written or otherwise fixed in any form or medium, regardless of the media on which contained and whether or not patentable or copyrightable, that is not generally known or otherwise in the public domain.

1.50. “Liability” has the meaning set forth in Section 14.2.1.

1.51. “Manufacture,” “Manufactured,” or “Manufacturing” means all activities related to the manufacture of a Compound, including planning, purchasing, manufacture, processing, compounding, storage, filling, packaging, waste disposal, labeling, leafleting, testing, quality assurance, sample retention, stability testing, release, dispatch and supply, as applicable.

1.52. “Manufacturer’s Release” or “Release” has the meaning ascribed to such term in the Clinical Quality Agreement.

1.53. “Manufacturing Site” means the facilities where a Compound is Manufactured by or on behalf of a Party, as such Manufacturing Site may change from time to time in accordance with Section 8.7.

1.54. “Merck” has the meaning set forth in the preamble.
1.55. “Merck Background Patents” has the meaning set forth in Section 10.4.2.

1.56. “Merck Compound” means pembrolizumab, a humanized anti-human PD-1 monoclonal antibody, [***].

1.57. “Merck Inventions” has the meaning set forth in Section 10.3.

1.58. “Monotherapy Arm” means the arm(s) of the Study intended to evaluate the safety, pharmacokinetics, pharmacodynamics, and/or preliminary efficacy of the FLX Compound as a monotherapy in patients with advanced cancer. For clarity, references to the Monotherapy Arm in this Agreement refer solely to the specific arm(s) of the Study where the FLX Compound is dosed alone.

1.59. “Monotherapy Data” means all data (including raw data) and results generated by FLX in the course of FLX’s performance of the Monotherapy Arm of the Study; [***].

1.60. “NDA” means a New Drug Application, Biologics License Application, Marketing Authorization Application, filing pursuant to Section 510(k) of the United States Federal Food, Drug and Cosmetic Act, or similar application or submission for a marketing authorization of a product filed with a Regulatory Authority to obtain marketing approval for a biological, pharmaceutical or diagnostic product in that country or in that group of countries.

1.61. “Non-Enforcing Party” has the meaning set forth in Section 10.1.2(e).

1.62. “Non-Conformance” means, with respect to a given unit of Compound, (a) an event that deviates from an approved cGMP requirement with respect to the applicable Compound, such as a procedure, Specification, or operating parameter, or that requires an investigation to assess impact to the quality of the applicable Compound or (b) that such Compound failed to meet the applicable representations and warranties set forth in Section 2.3. Classification of the Non-Conformance is detailed in the Clinical Quality Agreement.

1.63. “Non-Filing Party” has the meaning set forth in Section 10.1.1(c).

1.64. “Other Party” has the meaning set forth in Section 14.2.3.

1.65. “Opting-out Party” has the meaning set forth in Section 10.1.1(c).

1.66. “Party” has the meaning set forth in the preamble.

1.67. “Patent” means a patent, extension, registration, supplementary protection certificate or the like that issues from a given Patent Application.

1.68. “Patent Application” means a patent application (including any provisional, substitution, divisional, continuation, continuation in part, reissue, renewal, reexamination, extension, supplementary protection certificate and the like) in respect of a given invention.

1.69. “PD-1 Antagonist” means [***].
1.70. “Person” means any individual, sole proprietorship, partnership, corporation, business trust, joint stock company, trust, unincorporated organization, association, limited liability company, institution, public benefit corporation, joint venture, entity or governmental entity.

1.71. “Pharmacovigilance Agreement” has the meaning set forth in Section 5.1.

1.72. “Project Manager” has the meaning set forth in Section 3.11.1.

1.73. “Protocol” means the written documentation that describes the Study and sets forth specific activities to be performed as part of the conduct of the Study. The initial Protocol is set forth in Appendix A.

1.74. “Receiving Party” has the meaning set forth in the definition of Confidential Information.

1.75. “Regulatory Approvals” means, with respect to a Compound, any and all permissions (other than the Manufacturing approvals) required to be obtained from Regulatory Authorities and any other competent authority for the development, registration, importation, use (including use in clinical trials) and distribution of such Compound in the United States, Europe or other applicable jurisdictions for use in the Study.

1.76. “Regulatory Authorities” has the meaning set forth in the definition of Applicable Law.

1.77. “Regulatory Documentation” means, with respect to a Compound or Compounds, all submissions to Regulatory Authorities in connection with the development of such Compound(s), including all INDs and amendments thereto, NDAs and amendments thereto, drug master files, correspondence with regulatory agencies, periodic safety update reports, adverse event files, complaint files, inspection reports and manufacturing records, in each case together with all supporting documents (including documents that include Clinical Data).

1.78. “Related Agreements” means the Pharmacovigilance Agreement and the Clinical Quality Agreement.

1.79. “Right of Reference” means the “right of reference” defined in 21 CFR 314.3(b), including with regard to a Party, allowing the applicable Regulatory Authority in a country to have access to relevant information (by cross-reference, incorporation by reference or otherwise) contained in Regulatory Documentation (and any data contained therein) filed with such Regulatory Authority with respect to a Party’s Compound, only to the extent necessary for the conduct of the Study in such country or as otherwise expressly permitted or required under this Agreement to enable a Party to exercise its rights or perform its obligations hereunder.

1.80. “SAEs” has the meaning set forth in Section 5.2.

1.81. “Samples” means biological specimens collected from subjects participating in the Study, including urine, blood and tissue samples.
1.82. “Sample Testing” means the analyses to be performed by each Party using the applicable Samples, as described in the Data Sharing and Sample Testing Schedule.

1.83. “Sample Testing Results” means those data and results arising from the Sample Testing performed by a Party.

1.84. “Specifications” means, with respect to a given Compound, the set of requirements for such Compound as set forth in the Clinical Quality Agreement.

1.85. “Study” means the Phase I/II clinical trial described in the Protocol to evaluate the safety, pharmacokinetics, pharmacodynamics, and/or preliminary efficacy of: (A) the FLX Compound as a monotherapy; and (B) the Combination in patients with advanced cancer.

1.86. “Study Completion” means database lock of the Study results.

1.87. “Subcontractors’” has the meaning set forth in Section 2.4.

1.88. “Subsequent Study” has the meaning set forth in Section 3.15.1.

1.89. “Term” has the meaning set forth in Section 6.1.

1.90. “Third Party” means any Person or entity other than FLX, Merck or their respective Affiliates.

1.91. “Third Party Infringement” has the meaning set forth in Section 10.1.2(a).

1.92. “Top-Line Data” has the meaning set forth in Section 3.8.3.

1.93. “Top-Line Results Memo” has the meaning set forth in Section 3.12.1.

1.94. “Toxicity & Safety Data” means all clinical adverse event information and/or patient-related safety data [***].

1.95. “Transparency Report” has the meaning set forth in Section 4.3.3.

1.96. “VAT” has the meaning set forth in Section 8.16.1.

1.97. “Violation” means that a Party or any of its officers or directors or any other personnel (or other permitted agents of a Party performing activities hereunder) has been: (a) convicted of any of the felonies identified among the exclusion authorities listed on the U.S. Department of Health and Human Services, Office of Inspector General (OIG) website, including 42 U.S.C. 1320a-7(a) (http://oig.hhs.gov/exclusions/authorities.asp); (b) identified in the OIG List of Excluded Individuals/Entities (LEIE) database (http://exclusions.oig.hhs.gov/) or listed as having an active exclusion in the System for Award Management (http://www.sam.gov); or (c) listed by any US Federal agency as being suspended, proposed for debarment, debarred, excluded or otherwise ineligible to participate in Federal procurement or non-procurement programs, including under 21 U.S.C. 335a (http://www.fda.gov/ora/compliance_ref/debar/) (the lists in (a), (b) and (c) collectively, the “Exclusions Lists”).
2. **Scope of the Agreement.**

2.1. **Generally.**

2.1.1. Each Party shall: (a) contribute to the Study such resources as are necessary to fulfill its obligations set forth in this Agreement; and (b) act in good faith in performing its obligations under this Agreement and each Related Agreement to which it is a Party.

2.1.2. Prior to dosing any patient in the Combination arm(s) of the Study (as currently set forth in Parts 1b and 2b of the Protocol) and in any event [***], FLX shall convene a meeting or teleconference, during regular business hours, to review the Clinical Safety Data. FLX shall provide Merck with reasonable advance notice of, and invite Merck to attend, such meeting or teleconference, as applicable. [***], Merck shall have the opportunity to review the Clinical Safety Data. FLX shall also provide Merck with a copy of the Clinical Safety Data for further review. Promptly following Merck’s review of such Clinical Safety Data, but in no event later than [***] days after receipt of such Clinical Safety Data, the JDC shall meet and discuss whether to proceed with the Study. [***].

2.2. **Manufacturing Delay.** Each Party shall notify the other Party as promptly as possible in the event of any Manufacturing delay that is likely to adversely affect supply of its Compound as contemplated by this Agreement.

2.3. **Compound Commitments.**

2.3.1. FLX agrees to Manufacture and supply the FLX Compound for purposes of the Study in accordance with Article 8, and FLX hereby represents and warrants to Merck that, at the time of Delivery of the FLX Compound, such FLX Compound shall have been Manufactured and supplied in compliance with: (a) the Specifications for the FLX Compound; (b) the Clinical Quality Agreement; and (c) all Applicable Law, including cGMP and health, safety and environmental protections.

2.3.2. Merck agrees to Manufacture and supply the Merck Compound for purposes of the Study in accordance with Article 8, and Merck hereby represents and warrants to FLX that, at the time of Delivery of the Merck Compound, such Merck Compound shall have been Manufactured and supplied in compliance with: (a) the Specifications for the Merck Compound; (b) the Clinical Quality Agreement; and (c) all Applicable Law, including cGMP and health, safety and environmental protections.

2.3.3. Without limiting the foregoing, each Party is responsible for obtaining all regulatory approvals (including facility licenses) that are required to Manufacture its Compound in accordance with Applicable Law (provided that, for clarity, FLX shall be responsible for obtaining Regulatory Approvals for the Study as set forth in Section 3.4).

2.4. **Delegation of Obligations.** Each Party shall have the right to delegate any portion of its obligations hereunder as follows: (a) to such Party’s Affiliates; (b) to Third Parties that are
set forth in the Protocol as performing Study activities or as conducting Sample Testing for such Party; (c) to Third Parties to the extent related to the Manufacture of such Party’s Compound; and/or (d) to Third Parties upon the other Party’s prior written consent, [***]. Any and all Third Parties to whom a Party delegates any of its obligations hereunder are referred to as “Subcontractors”. Notwithstanding any delegation of its obligations hereunder, each Party shall remain solely and fully liable for the performance of its Affiliates and Subcontractors to which such Party delegates the performance of its obligations under this Agreement. Each Party shall ensure that each of its Affiliates and Subcontractors performs such Party’s obligations pursuant to the terms of this Agreement, including the Appendices and Schedules attached hereto, and Related Agreements. Each Party shall use reasonable efforts to obtain and maintain copies of documents relating to the obligations performed by such Affiliates and Subcontractors that are required to be provided to the other Party under this Agreement.

2.5. **Compounds**. [***], this Agreement does not create any obligation on the part of Merck to provide the Merck Compound for any activities other than the Study, nor does it create any obligation on the part of FLX to provide the FLX Compound for any activities other than the Study.

3. **Conduct of the Study.**

3.1. **Sponsor.** FLX shall be the sponsor of the Study under its existing IND for the FLX Compound with a Right of Reference to the IND of the Merck Compound, as necessary, as further described in Section 3.4; provided, however, that in no event shall FLX file an additional IND for the Study unless required by Regulatory Authorities to do so. If a Regulatory Authority requests an additional IND for the Study the Parties shall meet and mutually agree on an approach to address such requirement.

3.2. **Performance.** FLX shall ensure that the Study is performed in accordance with this Agreement, the Protocol and all Applicable Law, including GCP.

3.3. **Debarred Personnel; Exclusions Lists.** [***].

3.4. **Regulatory Matters.** FLX shall: (a) obtain, prior to initiating the Study, all Regulatory Approvals from all Regulatory Authorities, ethics committees and/or institutional review boards with jurisdiction over the Study; and (b) follow all directions from any such Regulatory Authorities, ethics committees and/or institutional review boards. [***]. If a Right of Reference is necessary, each Party shall provide to the other a cross-reference letter or similar communication to the applicable Regulatory Authority if needed to effectuate the Right of Reference (including a Right of Reference to the Monotherapy Data solely to the extent necessary or useful in connection with regulatory approval of a Compound in the Combination). Notwithstanding anything to the contrary in this Agreement, neither Party shall have any right to [***] with respect to such other Party’s Compound. Merck shall authorize the FDA and other applicable Regulatory Authorities to cross-reference the appropriate Merck Compound INDs and CTAs to provide data access to FLX sufficient to support conduct of the Study. If Merck’s CTA is not available in a given country, Merck will [***] with the Regulatory Authority for such country, referencing FLX’s CTA as appropriate (however, FLX shall [***].
3.5. **Documentation.** FLX shall maintain reports related to the Study and all related documentation in good scientific manner and in compliance with Applicable Law. FLX shall provide to Merck all Study information and documentation (***/**) requested by Merck to enable Merck to (a) comply with any of its legal, regulatory and/or contractual obligations, or any request by any Regulatory Authority, related to the Merck Compound and (b) determine whether the Study has been performed in accordance with this Agreement. If requested by Merck for purposes of complying with Applicable Law, any submissions or responses to Regulatory Authorities. (***/**) FLX shall work in good faith with Merck to provide required access to (***/**) information and documentation, including (***/*), or otherwise make available under Applicable Law or to the Regulatory Authority directly for such purposes.

3.6. **Copies.** FLX shall provide to Merck copies of all Clinical Data (***/*), in electronic form or other mutually agreeable alternate form and on the timelines specified in the Data Sharing and Sample Testing Schedule (if applicable) or upon mutually agreeable timelines; provided, however, that a complete copy of the Clinical Data (***/*), shall be provided to Merck no later than (***/*) days following Study Completion. FLX shall ensure that all patient authorizations and consents required under HIPAA, the EU General Data Protection Regulation or any other similar Applicable Law in connection with the Study permit such sharing of Clinical Data (***/*) with Merck. The Parties shall comply with any Applicable Law relating to processing of personal data in connection with the Clinical Data (***/*).

3.7. **Sample Testing.**

3.7.1. FLX shall provide Samples to Merck as specified in the Protocol or as agreed to by the Joint Development Committee. Each Party shall (a) use the Samples only for the Sample Testing and (b) conduct the Sample Testing solely in accordance with the Data Sharing and Sample Testing Schedule and the Protocol.

3.7.2. (***/*), in electronic form or other mutually agreeable alternate form, on the timelines specified in the Data Sharing and Sample Testing Schedule or as otherwise mutually agreed.

3.7.3. (***/*). Solely to the extent specified on the Data Sharing and Sample Testing Schedule as being shared, (***/*) the Sample Testing Results for the Sample Testing conducted (***/*), in electronic form or other mutually agreeable alternate form, on the timelines specified in the Data Sharing and Sample Testing Schedule or as otherwise mutually agreed.

3.7.4. Except to the extent otherwise agreed in a writing signed by authorized representatives of each Party, each Party may use and disclose the Sample Testing Results (***/*) in accordance with the Data Sharing and Sample Testing Schedule solely for the purposes of: (***/*)

3.8. **Ownership and Use of Clinical Data.**

3.8.1. (***/*), FLX shall maintain the Clinical Data in its internal database; provided, however, that at all times during the Term, FLX shall (***/*) all Clinical Data (***/*).
3.8.2. Notwithstanding the foregoing, before publication of the Clinical Data in accordance with Article 12, neither Party may disclose the Clinical Data publicly or to a Third Party without the consent of the other Party and each Party’s use of such unpublished Clinical Data is restricted to: [***]; provided, however, that the foregoing shall not limit or restrict either Party’s ability to [***].

3.8.3. [***]

3.9. Ownership and Use of Monotherapy Data. All Monotherapy Data shall be owned by FLX. [***].

3.9.1. Before publication by FLX of the Monotherapy Data, [***] (a) [***]; provided, however, that the foregoing shall not limit or restrict [***] ability to [***]. For clarity, after publication by FLX of Monotherapy Data, the above restrictions shall continue to apply to any such Monotherapy Data that has not been publicly disclosed.

3.10. Regulatory Submission. It is understood and acknowledged by the Parties that positive Clinical Data could be used to obtain label changes for the Compounds, and each Party may propose a Subsequent Study (as defined below) in connection therewith in accordance with Section 3.15.

3.11. Joint Development Committee; Alliance Managers.

3.11.1. The Parties shall form a joint development committee (the “Joint Development Committee” or “JDC”) made up of an equal number of representatives of Merck and FLX, which shall have responsibility for coordinating all regulatory and other activities under, and pursuant to, this Agreement. The JDC will review and finalize the Protocol in accordance with Section 4.1, and review and discuss the Clinical Safety Data in accordance with Section 2.1.2. Each Party shall designate a project manager (the “Project Manager”) who shall be responsible for implementing and coordinating activities and facilitating the exchange of information between the Parties with respect to the Study and shall be a member of the JDC. Other JDC members will be agreed by both Parties. Each Party may replace its Project Manager and other JDC members upon notice to the other Party.

3.11.2. The JDC shall meet as soon as practicable after the Effective Date and then no less than [***], and more often as reasonably considered necessary at the request of either Party, to provide an update on the progress of the Study. The JDC may meet in person or by means of teleconference, Internet conference, videoconference or other similar communications equipment. Prior to any such meeting, FLX’s Project Manager shall provide an update in writing to Merck’s Project Manager, which update shall contain information about the overall progress of the Study, recruitment status, interim analysis (if results available), final analysis and other information relevant to the conduct of the Study.

3.11.3. In addition to a Project Manager, each Party shall designate an alliance manager (the “Alliance Manager”), who shall endeavor to ensure clear and responsive communication between the Parties and the effective exchange of information and shall serve as the primary point of contact for any issues arising under this Agreement. The Alliance Managers shall have the right to attend all JDC meetings and may bring to the attention of the JDC any
matters or issues either of them reasonably believes should be discussed and shall have such other responsibilities as the Parties may mutually agree in writing. Each Party may replace its Alliance Manager upon notice to the other Party. In the event that an issue arises and the Alliance Managers cannot or do not, after good faith efforts, reach agreement on such issue, or if there is a decision to be made by the JDC on which the members of the JDC cannot unanimously agree, the issue shall be elevated to the [***] for Merck and the Chief Executive Officer for FLX. In the event such escalation does not result in resolution or consensus: [***] unless mutually agreed otherwise by the Parties in writing through the JDC.

3.12. Certain Memoranda and Reports. Without limiting any other provision of this Agreement requiring FLX to provide to Merck documentation related to the Study, FLX shall provide to Merck drafts and final versions of: (a) a memorandum having top-line results from the completed Study (the “Top-Line Results Memo”); and (b) final Study report (“Final Study Report”) for the Study as described below.

3.12.1. Top-Line Results Memo. Promptly following Study Completion, FLX shall provide to Merck an electronic draft of the Top-Line Results Memo, and Merck shall have [***] days after receipt of such draft to provide comments thereon. FLX shall consider in good faith any comments provided by Merck on the Top-Line Results Memo and shall not include any statements therein relating to the Merck Compound that have not been approved by Merck. FLX shall deliver to Merck a final version of the Top-Line Results Memo promptly following finalization thereof.

3.12.2. Final Study Report. FLX shall provide Merck with an electronic draft of the final Study report promptly following Study Completion, and Merck shall have [***] days after receipt of such draft to provide comments thereon. FLX shall consider in good faith any comments provided by Merck on the draft final Study report and shall not include any statements therein relating to the Merck Compound that have not been approved by Merck. FLX shall deliver to Merck a final version of the final Study report promptly following finalization thereof (the “Final Study Report”).

3.13. Relationship. Except as expressly set forth in this Agreement, nothing in this Agreement shall: [***]; or (b) create an exclusive relationship between the Parties with respect to any Compound. Each Party acknowledges and agrees that nothing in this Agreement shall be construed as a representation or inference that the other Party will not develop for itself, or enter into business relationships with other Third Parties regarding, any products, programs, studies (including combination studies), technologies or processes that are similar to or that may compete with the Combination or any other product, program, technology or process, including [***] are not used or disclosed in connection therewith in violation of this Agreement.

3.14. Licensing. Nothing in this Agreement shall prohibit or restrict a Party from licensing, assigning or otherwise transferring to an Affiliate or Third Party such Party’s Compound or any Inventions, Confidential Information or Sample Testing Results owned solely by such Party. A Party may license, assign or transfer to an Affiliate or Third Party such Party’s interest in the Clinical Data, Confidential Information owned jointly by the Parties and/or Jointly Owned Inventions, and in connection therewith share the shared Sample Testing Results owned by the other Party, solely to the extent such licensee, assignee or transferee agrees in writing to be bound by the terms of this Agreement with respect to such Clinical Data, Monotherapy Data, Confidential Information, Jointly Owned Inventions, and shared Sample Testing Results. For purposes of clarity, any assignment or transfer of this Agreement must comply with Article 18 of this Agreement.
4. **Protocol, Statistical Analysis Plan and Informed Consent; Certain Covenants.**

4.1. **Protocol and Statistical Analysis Plan.** An initial Protocol and a draft statistical analysis plan for the Study have been agreed to by the Parties as of the Effective Date and are attached hereto as **Appendix A.** Through the JDC, FLX shall (a) provide any proposed revisions to the then current Protocol or statistical analysis plan to Merck for Merck’s review and comment, (b) consider in good faith any changes requested by Merck, and (c) incorporate any changes requested by Merck with respect to Merck Compound. FLX shall then submit the proposed revised Protocol or statistical analysis plan, as applicable, to the JDC for approval. To the extent the JDC cannot agree unanimously regarding the Protocol or statistical analysis plan for final approval: (i) [***] shall have final decision-making authority with respect to matters related to [***] (including with respect to [***]); (ii) [***] shall have final decision-making authority with respect to matters related to [***] (including with respect to [***]); and (iii) all other matters on which the JDC cannot agree shall be resolved in accordance with **Section 3.11.3.** Once the final Protocol or statistical analysis plan has been approved in accordance with this **Section 4.1,** Merck’s prior written consent shall be required for: (i) any [***] changes to such approved final Protocol or statistical analysis plan (other than [***] changes relating [***]); or (ii) any changes to such approved final Protocol or statistical analysis plan [***] relating to [***]. Any such proposed changes will be sent in writing to Merck’s Project Manager and Merck’s Alliance Manager.

4.1.1. Notwithstanding anything to the contrary contained herein, [***], in its sole discretion, shall have the sole right to determine [***] and shall have the final decision on all matters relating to [***] (including [***]) and any information regarding [***].

4.1.2. Notwithstanding anything to the contrary contained herein, [***], in its sole discretion, shall have the sole right to determine [***] and shall have the final decision on all matters relating to [***] (including [***], [***]) and any information regarding [***].

4.2. **Informed Consent.** FLX shall prepare the patient informed consent form for the Study (which shall include provisions regarding the use of Samples in Sample Testing) in consultation with Merck (it being understood and agreed that the portion of the informed consent form relating to the Sample Testing of the Merck Compound shall be provided to FLX by Merck). Any proposed changes to such form that relate to the Merck Compound, including Sample Testing of the Merck Compound, shall be subject to Merck’s prior written consent. Any such proposed changes will be sent in writing to Merck’s Project Manager and Merck’s Alliance Manager. [***].
4.3. **Transparency Reporting.**

4.3.1. With respect to any annual reporting period in which FLX is not an entity that is required to make a Transparency Report under Applicable Law, FLX will: (a) notify Merck, in writing, within [***] days after the commencement of such reporting period that FLX is not so required; and (b) during such reporting period FLX will track and provide to Merck data regarding “indirect” payments or other transfers of value by FLX to such health care professionals to the extent such payments or other transfers of value were required, instructed, directed or otherwise caused by Merck pursuant to this Agreement in the format requested by Merck and provided on a basis to be agreed upon by both Parties. FLX represents and warrants that any data provided by FLX to Merck pursuant to Section 4.3.1(b) above will be complete and accurate to the best of FLX’s knowledge.

4.3.2. With respect to any annual reporting period in which FLX is required to make a Transparency Report under Applicable Law, FLX will provide to Merck, in writing, FLX’s point of contact for purposes of receiving information from Merck pursuant to this Section 4.3, along with such contact’s full name, email address, and telephone number. FLX may update such contact from time to time by notifying Merck in writing pursuant to Article 22 (Notices). Where applicable, Merck will provide to such FLX contact all information regarding the value of the Merck Compound provided for use in the Study required for such reporting. In the event that the value of the Merck Compound provided pursuant to this Section 4.3.2 changes, Merck shall notify FLX of such revised value and the effective date thereof.

4.3.3. For purposes of this Section 4.3, “Transparency Report” means a transparency report in connection with reporting payments and other transfers of value made to health care professionals, including, without limitation, investigators, steering committee members, data monitoring committee members, and consultants in connection with the Study in accordance with reporting requirements under Applicable Law, including, without limitation, the Physician Payment Sunshine Act and state gift laws, and the European Federation of Pharmaceutical Industries and Associations Disclosure Code, or a Party’s applicable policies.

5. **Adverse Event Reporting.**

5.1. **Pharmacovigilance Agreement.** FLX will be solely responsible for compliance with all Applicable Laws pertaining to safety reporting for the Study and related activities. The Parties (or their respective Affiliates) will execute a pharmacovigilance agreement (the “Pharmacovigilance Agreement”) prior to the initiation of clinical activities under the Study, but in any event within [***] days after the Effective Date, to ensure the exchange of relevant safety data within appropriate timeframes and in an appropriate format to enable the Parties to fulfill local and international regulatory reporting obligations and to facilitate appropriate safety reviews. In the event of any inconsistency between the terms of this Agreement and the Pharmacovigilance Agreement, [***]. The Pharmacovigilance Agreement will include safety data exchange procedures governing the coordination of collection, investigation, reporting, and exchange of information concerning any adverse experiences, pregnancy reports, and any other safety information arising from or related to the use of the Merck Compound [***] in the Study, consistent with Applicable Law. Such guidelines and procedures shall be in accordance with, and enable the Parties and their Affiliates to fulfill, local and international regulatory reporting obligations to Regulatory Authorities.
5.2. **Transmission of SAEs.** FLX will transmit to Merck all serious adverse events ("SAEs")[:]

5.2.1. For drug-related fatal and life-threatening SAEs, FLX will send a processed case (on a CIOMS-1 form in English) within [***] by FLX of such SAEs.

5.2.2. For all other SAEs, including non-drug-related fatal and life-threatening SAEs, FLX will send a processed case (on a CIOMS-1 form in English) within [***] by FLX of such SAEs.

6. **Term and Termination.**

6.1. **Term.** The term of this Agreement shall commence on the Effective Date and shall continue in full force and effect until delivery of the Final Study Report, unless terminated earlier by either Party pursuant to this Article 6 (the “Term”).

6.2. **Merck Termination for Safety.** In the event that Merck in good faith believes that the Merck Compound is being used in the Study in an unsafe manner and notifies FLX in writing of the grounds for such belief, and FLX fails to promptly incorporate changes into the Protocol requested by Merck to address such issue or to otherwise address such issue reasonably and in good faith, Merck may terminate this Agreement and the supply of the Merck Compound immediately upon written notice to FLX.

6.3. **Termination for Material Breach.** Either Party may terminate this Agreement if the other Party commits a material breach of this Agreement, and such material breach continues for [***] after receipt of written notice thereof from the non-breaching Party; provided that if such material breach cannot reasonably be cured within [***], the breaching Party shall be given a reasonable period of time to cure such breach; provided further, that if such material breach is incapable of cure, then the notifying Party may terminate this Agreement effective after the expiration of such [***] period.

6.4. **Termination for Patient Safety.** If either Party determines in good faith, based on a review of the [***] or other information, that the Study may [***] affect patient safety, such Party shall promptly notify the other Party of such determination. The Party receiving such notice may propose modifications to the Study to address the safety issue identified by the other Party and, if the notifying Party agrees, shall act to implement immediately such modifications; provided, however, that if the notifying Party, in its sole discretion, believes that there is imminent danger to patients, such Party need not wait for the other Party to propose modifications and may instead terminate this Agreement immediately upon written notice to such other Party. Furthermore, if the notifying Party, in its sole discretion, believes that any modifications proposed by the other Party will not resolve the patient safety issue, such Party may terminate this Agreement effective upon written notice to such other Party.

6.5. **Termination for Regulatory Action; Other Reasons.** Either Party may terminate this Agreement immediately upon written notice to the other Party in the event that any Regulatory
Authority takes any action, or raises any objection, that prevents the terminating Party from supplying its Compound for purposes of the Study. Additionally, either Party shall have the right to terminate this Agreement immediately upon written notice to the other Party in the event that it determines in its sole discretion to withdraw any applicable regulatory approval for its Compound or to discontinue development of its Compound, for medical, scientific or legal reasons.

6.6. Termination related to Anti-Corruption Obligations. Either Party shall have the right to terminate this Agreement immediately upon written notice to the other Party, if such other Party fails to perform any of its obligations under Section 13.4 or breaches any representation or warranty contained in Section 13.4. Except as set forth in Section [***], the non-terminating Party shall have no claim against the terminating Party for compensation for any loss of whatever nature by virtue of the termination of this Agreement in accordance with this Section 6.6.

6.7. Return of Merck Compound. In the event that this Agreement is terminated, or in the event FLX remains in possession (including through any Affiliate or Subcontractor) of Merck Compound at the time this Agreement expires, FLX shall, at Merck’s sole discretion, promptly either return or destroy all unused Merck Compound pursuant to Merck’s instructions; [***]. If Merck requests that FLX destroy the unused Merck Compound, FLX shall provide written certification of such destruction.

6.8. Termination related to Clinical Safety Data. In the event that either Party or both Parties make a No-Go Decision, this Agreement shall terminate immediately upon the date of such No-Go Decision. [***].

6.9. Survival. The provisions [***].

6.10. No Prejudice. Termination of this Agreement shall be without prejudice to any claim or right of action of either Party against the other Party for any prior breach of this Agreement.

6.11. Confidential Information. Upon termination of this Agreement, each Receiving Party and its Affiliates shall promptly return to the Disclosing Party or destroy any Confidential Information of the Disclosing Party (***]) furnished to the Receiving Party by the Disclosing Party; provided, however that the Receiving Party may retain one copy of such Confidential Information in its confidential files, solely for purposes of exercising the Receiving Party’s rights hereunder, satisfying its obligations hereunder or complying with any legal proceeding or requirement with respect thereto, and provided further that the Receiving Party shall not be required to erase electronic files created in the ordinary course of business during automatic system back-up procedures pursuant to its electronic record retention and destruction practices that apply to its own general electronic files and information so long as such electronic files are (a) maintained only on centralized storage servers (and not on personal computers or devices), (b) not accessible by any of its personnel (other than its information technology specialists), and (c) are not otherwise accessed subsequently except with the written consent of the Disclosing Party or as required by law or legal process. Such retained copies of Confidential Information shall remain subject to the confidentiality and non-use obligations herein.
7. **Costs of Study.**

   The Parties agree that: (a) Merck shall provide the Merck Compound for use in the Study, [***].

8. **Supply and Use of the Compounds.**

   8.1. **Supply of the Compounds.** Subject to the terms and conditions of this Agreement, each of FLX and Merck will use commercially reasonable efforts to supply, or cause to be supplied, the quantities of its respective Compound as are set forth in Appendix B, in each case for use in the Study. If the Protocol is changed in accordance with Article 4 in such a manner that may affect the quantities of Compound to be provided or the timing for providing such quantities, the Parties shall amend Appendix B to reflect any changes required to be consistent with the Protocol. Each Party shall also provide to the other Party a contact person for the supply of its Compound under this Agreement. Notwithstanding the foregoing, or anything to the contrary herein, in the event that a Party is: (a) not supplying its Compound in accordance with the terms of this Agreement, then the other Party shall have no obligation to supply its Compound; or (b) allocating under Section 8.10, then the other Party may allocate proportionally.

   8.2. **Clinical Quality Agreement.**[***], the Parties (or their respective Affiliates) shall enter into a quality agreement that shall address and govern issues related to the quality of clinical drug supply to be supplied by the Parties for use in the Study (the “Clinical Quality Agreement”). In the event of any inconsistency between the terms of this Agreement and the Clinical Quality Agreement, [***]. The Clinical Quality Agreement shall, among other things: (a) detail classification of any Compound found to have a Non-Conformance; (b) include criteria for Manufacturer’s Release and related certificates and documentation; (c) include criteria and timeframes for acceptance of Merck Compound; (d) include procedures for the resolution of disputes regarding any Compounds found to have a Non-Conformance; and (e) include provisions governing the recall of Compounds.

   8.3. **Minimum Shelf Life Requirements.** Each Party shall use commercially reasonable efforts to supply its Compound hereunder with an adequate remaining shelf life at the time of Delivery to meet the Study requirements.

   8.4. **Provision of Compounds.**

   8.4.1. Merck will deliver the Merck Compound [***] to FLX’s, or its designee’s, location as specified by FLX (“Delivery” with respect to such Merck Compound). Title and risk of loss for the Merck Compound shall transfer from Merck to FLX at Delivery. All costs associated with the subsequent transportation, warehousing and distribution of Merck Compound shall be borne by FLX. FLX will, or will cause its designee to: (a) take delivery of the Merck Compound supplied hereunder; (b) perform the acceptance (including testing) procedures allocated to it under the Clinical Quality Agreement; (c) subsequently label and pack the Merck Compound (in accordance with Section 8.5); and promptly ship the Merck Compound to the Study.
sites for use in the Study, in compliance with cGMP, GCP and other Applicable Law and the Clinical Quality Agreement; and (d) provide, from time to time at the reasonable request of Merck, the following information [*]: any applicable chain of custody forms, in-transport temperature recorder(s), records and receipt verification documentation, such other transport or storage documentation as may be reasonably requested by Merck, and usage and inventory reconciliation documentation related to the Merck Compound.

8.4.2. FLX is solely responsible, at its own cost, for supplying (including all Manufacturing, acceptance and release testing) the FLX Compound for the Study, and the subsequent handling, storage, transportation, warehousing and distribution of the FLX Compound supplied hereunder. FLX shall ensure that all such activities are conducted in compliance with cGMP, GCP and other Applicable Law and the Clinical Quality Agreement. For purposes of this Agreement, the “Delivery” of a given quantity of the FLX Compound shall be deemed to occur when such quantity is packaged for shipment to a Study site.

8.5. Labeling and Packaging; Use, Handling and Storage.

8.5.1. The Parties’ obligations with respect to the labeling and packaging of the Compounds are as set forth in the Clinical Quality Agreement. Notwithstanding the foregoing or anything to the contrary contained herein, Merck shall provide the Merck Compound to FLX in the form of [*], and FLX shall be responsible for labeling, packaging and leafleting such Merck Compound in accordance with the terms and conditions of the Clinical Quality Agreement and otherwise in accordance with all Applicable Law, including cGMP, GCP, and health, safety and environmental protections.

8.5.2. FLX shall: (a) use the Merck Compound solely for purposes of performing the Study; (b) not use the Merck Compound in any manner that is inconsistent with this Agreement or for any commercial purpose; and (c) label, use, store, transport, handle and dispose of the Merck Compound in compliance with Applicable Law and the Clinical Quality Agreement, as well as all instructions of Merck. FLX shall not reverse engineer, reverse compile, disassemble or otherwise attempt to derive the composition or underlying information, structure or ideas of the Merck Compound, and in particular shall not analyze the Merck Compound by physical, chemical or biochemical means except as necessary to perform its obligations under the Clinical Quality Agreement.

8.6. Product Specifications. A certificate of analysis shall accompany each shipment of the Merck Compound to FLX. Upon written request of Merck, FLX shall provide Merck with a certificate of analysis for [*] shipment of FLX Compound used in the Study.

8.7. Changes to Manufacturing. Each Party may make changes from time to time to its Compound or the Manufacturing Site, provided that such changes shall be in accordance with the Clinical Quality Agreement.


8.8.1. After Manufacturer’s Release. After Manufacturer’s Release of the Merck Compound and concurrently with Delivery of the Compound to FLX, Merck shall provide FLX with such certificates and documentation as are described in the Clinical Quality Agreement
FLX shall, within the time defined in the Clinical Quality Agreement, perform, with respect to the Merck Compound, the acceptance (including testing) procedures allocated to it under the Clinical Quality Agreement. FLX shall be solely responsible for taking all steps necessary to determine that Merck Compound or FLX Compound, as applicable, is suitable for release before making such Merck Compound or FLX Compound, as applicable, available for human use, and Merck shall provide cooperation or assistance as reasonably requested by FLX in connection with such determination with respect to the Merck Compound. FLX shall be responsible for storage and maintenance of the Merck Compound until it is tested and/or released, which storage and maintenance shall be in compliance with (a) the Specifications for the Merck Compound, the Clinical Quality Agreement and Applicable Law and (b) any specific storage and maintenance requirements as may be provided by Merck from time to time. FLX shall be responsible for any failure of the Merck Compound to meet the Specifications to the extent caused by shipping, storage or handling conditions after Delivery to FLX hereunder.

8.8.2. Non-Conformance.

(a) In the event that either Party becomes aware that any Compound may have a Non-Conformance, despite testing and quality assurance activities (including any activities conducted by the Parties under Section 8.8.1), such Party shall immediately notify the other Party in accordance with the procedures of the Clinical Quality Agreement. The Parties shall investigate any Non-Conformance in accordance with Section 8.9 (Investigations) and any discrepancy between them shall be resolved in accordance with Section 8.8.3.

(b) In the event that any proposed or actual shipment of the Merck Compound (or portion thereof) shall be agreed to have a Non-Conformance at the time of Delivery to FLX, then unless otherwise agreed to by the Parties, Merck shall replace such Merck Compound as is found to have a Non-Conformance (with respect to Merck Compound that has not yet been administered in the course of performing the Study). Unless otherwise agreed to by the Parties in writing, [***] with respect to any Merck Compound that is found to have a Non-Conformance at the time of Delivery shall be [***]; provided that, for clarity, [***]. In the event Merck Compound is lost or damaged [***], Merck shall provide additional Merck Compound (if available for the Study) to FLX, provided that [***] such replaced Merck Compound; and provided further that [***]. Except as set forth in the foregoing sentence, Merck shall have no obligation to provide replacement Merck Compound for any Merck Compound supplied hereunder other than such Merck Compound as has been agreed or determined to have a Non-Conformance at the time of Delivery to FLX.

(c) FLX shall be responsible for, and Merck shall have no obligation or liability with respect to, any FLX Compound supplied hereunder that is found to have a Non-Conformance. FLX shall replace any FLX Compound as is found to have a Non-Conformance (with respect to FLX Compound that has not yet been administered in the course of performing the Study). Unless otherwise agreed to by the Parties in writing, [***] with respect to any FLX Compound that is found to have a Non-Conformance at the time of Delivery shall be [***]; provided that, for clarity, [***].
8.8.3. **Resolution of Discrepancies.** Disagreements regarding any determination of Non-Conformance by FLX shall be resolved in accordance with the provisions of the Clinical Quality Agreement.

8.9. **Investigations.** The process for investigations of any Non-Conformance shall be handled in accordance with the Clinical Quality Agreement.

8.10. **Shortage; Allocation.** In the event that a Party’s Compound is in short supply such that a Party reasonably believes in good faith that it will not be able to fulfill its supply obligations hereunder with respect to its Compound, such Party will provide prompt written notice to the other Party thereof (including the shipments of Compound hereunder expected to be impacted and the quantity of its Compound that such Party reasonably determines it will be able to supply) and the Parties will promptly discuss such situation (including how the quantity of Compound that such Party is able to supply hereunder will be allocated within the Study). In such event, the Party experiencing such shortage shall (i) use its commercially reasonable efforts to remedy the situation giving rise to such shortage and to take action to minimize the impact of the shortage on the Study, and (ii) [***].

8.11. **Records; Audit Rights.** FLX shall keep complete and accurate records pertaining to its use and disposition of Merck Compound (including its storage, shipping (cold chain) and chain of custody activities) and, upon request of Merck, [***], shall make such records available during regular business hours to review by Merck for the purpose of conducting investigations for the determination of Merck Compound safety and/or efficacy and FLX’s compliance with this Agreement with respect to the Merck Compound.

8.12. **Quality.** Quality matters related to the Manufacture of the Compounds shall be governed by the terms of the Clinical Quality Agreement in addition to the relevant quality provisions of this Agreement.

8.13. **Quality Control.** Each Party shall implement and perform operating procedures and controls for sampling, stability and other testing of its Compound, and for validation, documentation and release of its Compound and such other quality assurance and quality control procedures as are required by the Specifications, cGMPs and the Clinical Quality Agreement.

8.14. **Audits and Inspections.** The Parties’ audit and inspection rights related to this Agreement shall be governed by the terms of the Clinical Quality Agreement.

8.15. **Recalls.** Recalls of the Compounds shall be governed by the terms of the Clinical Quality Agreement.

8.16. **VAT.**

8.16.1. It is understood and agreed between the Parties that any payments made and any other consideration given under this Agreement are each exclusive of any value added or similar tax ("VAT"), which shall be added thereon as applicable and at the relevant rate. Subject to Section 8.16.1, where VAT is properly charged by the supplying Party and added to a payment made or other consideration provided (as applicable) under this Agreement, the Party making the payment or providing the other consideration (as applicable) will pay the amount of VAT properly
chargeable only on receipt of a valid tax invoice from the supplying Party issued in accordance with the laws and regulations of the country in which
the VAT is chargeable. Each Party agrees that it shall provide to the other Party any information and copies of any documents within its Control to the
extent reasonably requested by the other Party for the purposes of (i) determining the amount of VAT chargeable on any supply made under this
Agreement, (ii) establishing the place of supply for VAT purposes, or (iii) complying with its VAT reporting or accounting obligations.

8.16.2. Where one Party or its Affiliate (the “First Party”) is treated as making supply of goods or services in a particular jurisdiction (for
VAT purposes) [***], and the other Party or its Affiliate (the “Second Party”) is treated as receiving such supply in the same jurisdiction, thus resulting
in an amount of VAT being properly chargeable on such supply, the Second Party shall only be obliged to pay to the First Party the amount of VAT
properly chargeable on such supply (and no other amount). The Second Party shall pay such VAT to the First Party on receipt of a valid VAT invoice
from the First Party (issued in accordance with the laws and regulations of the jurisdiction in which the VAT is properly chargeable). Each Party agrees
to (i) use its reasonable efforts to determine and agree the value of the supply that has been made and, as a result, the corresponding amount of VAT
that is properly chargeable and (ii) provide to the other Party any information or copies of documents in its Control as are reasonably necessary to
evidence that such supply will take, or has taken, place in the same jurisdiction (for VAT purposes).


9.1. Confidential Information. Subject to Section 13.4.8, FLX and Merck agree to hold in confidence any Confidential Information provided
by or on behalf of the other Party, and neither Party shall use Confidential Information of the other Party except to fulfill such Party’s obligations under
this Agreement or exercising its rights. Without limiting the foregoing, the Receiving Party may not, without the prior written permission of the
Disclosing Party, disclose any Confidential Information of the Disclosing Party to any Third Party except to the extent disclosure (i) is required by
Applicable Law; (ii) is pursuant to the terms of this Agreement; or (iii) is necessary for the conduct of the Study, and in each case (i) through (iii))
provided that the Receiving Party shall provide reasonable advance notice to the Disclosing Party before making such disclosure. For the avoidance of
doubt, FLX may, without Merck’s consent, disclose Confidential Information to clinical trial sites and clinical trial investigators performing the Study,
the data safety monitoring and advisory board relating to the Study, and Regulatory Authorities working with FLX on the Study, in each case to the
extent necessary for the performance of the Study and provided that such Persons (other than governmental entities) are bound by an obligation of
confidentiality at least as stringent as the obligations contained herein.

9.2. Inventions. Notwithstanding the foregoing: (i) Inventions that constitute Confidential Information and are jointly owned by the Parties,
shall constitute the Confidential Information of both Parties and each Party shall have the right to use and disclose such Confidential Information
consistent with Articles 10, 11 and 12; and (ii) Inventions that constitute Confidential Information and are solely owned by one Party shall constitute
the Confidential Information of that Party and each Party shall have the right to use and disclose such Confidential Information consistent with Articles
10, 11 and 12.
9.3. **Personal Identifiable Data.** All Confidential Information containing personal identifiable data shall be handled in accordance with all Applicable Laws relating to data protection and privacy.

9.4. **Publicity/Use of Names.** No disclosure of the existence, or the terms, of this Agreement may be made by either Party, and no Party shall use the name, trademark, trade name or logo of the other Party, its Affiliates or their respective employee(s) in any publicity, promotion, news release or disclosure relating to this Agreement or its subject matter, without the prior express written permission of that other Party, except as may be required by Applicable Law.

10. **Intellectual Property.**

10.1. **Joint Ownership, Prosecution and Enforcement.**

10.1.1. **Joint Ownership and Prosecution.**

(a) [*].

(b) [*].

(c) [*].

(d) Except as expressly provided in Section 10.1.1(c) and in furtherance and not in limitation of Section 9.1, each Party agrees to make no Patent Application based on the other Party’s Confidential Information, and to give no assistance to any Third Party for such application, without the other Party’s prior written authorization.

10.1.2. **Patent Enforcement.**

(a) Each Party shall promptly notify the other in writing of any actual or threatened infringement or misappropriation by a Third Party of any Joint Patent or Jointly Owned Invention of which such Party becomes aware (“Third Party Infringement”).

(b) [*] shall have the first right to initiate legal action to [*]. In the event that [*] fails to initiate or defend such action by the earlier of (i) [*] after first being notified or made aware of such Third Party Infringement and (ii) [*] before the expiration for initiating or defending such action, [*] shall have the right to initiate or defend such action at its sole expense.

(c) [*] shall have the first right to initiate legal action to enforce all Joint Patents and Jointly Owned Inventions against Third Party Infringement, where such Third Party Infringement [*] or to defend any declaratory judgment action relating thereto, at its sole expense. In the event that [*] fails to initiate or defend such action by the earlier of (i) [*] after first being notified or made aware of such Third Party Infringement and (ii) [*] before the expiration for initiating or defending such action, [*] shall have the right to do so at its sole expense.
(d) The Parties shall cooperate in good faith to jointly control legal action to enforce all [*] against any Third Party Infringement where such Third Party Infringement [*] or to defend any declaratory judgment action relating thereto, and [*]. Notwithstanding the foregoing, either Party shall have the right to opt-out of controlling such legal action by providing written notice to the other Party by the earliest of (1) [*] after first being noticed of such Third Party Infringement, (2) [*] before the expiration date for filing such action, (3) [*] before the expiration date for filing an answer to a complaint in a declaratory judgment action, and (4) [*] after receipt of an application to the FDA under Section 351(k) of the U.S. Public Health Services Act (42 U.S.C. 262(k)), or to a similar agency under any similar provisions in another country, seeking approval of a biosimilar or interchangeable biological product of the Merck Compound, whichever comes first.

(e) If one Party (the “Enforcing Party”) brings any prosecution or enforcement action or proceeding against a Third Party with respect to any [*], the second Party (the “Non-Enforcing Party”) agrees to be joined as a party plaintiff where necessary and to give the Enforcing Party reasonable assistance and authority to file and prosecute the suit, at the Enforcing Party’s cost and expense. The costs and expenses of the Enforcing Party under this Section 10.1.2 shall be borne by such Enforcing Party, and any damages or other monetary awards recovered shall be shared as follows: [*]. A settlement or consent judgment or other voluntary final disposition of a suit under this Section 10.1.2 may not be entered into without the consent of the Party not bringing the suit.

10.2. **Inventions Owned by FLX** [*]. FLX shall (a) be entitled to file and prosecute in its own name Patent Applications in respect of FLX Inventions and (b) own Patents that issue from any such Patent Applications in respect of FLX Inventions. For the avoidance of doubt, any Invention [*].

10.3. **Inventions Owned by Merck** [*]. Merck shall (a) be entitled to file and prosecute in its own name Patent Applications in respect of Merck Inventions and (b) own Patents that issue from any such Patent Applications in respect of Merck Inventions. For the avoidance of doubt, any Invention [*].

10.4. **Mutual Freedom to Operate for Combination Inventions**

10.4.1. **FLX License to Merck**. FLX hereby grants to Merck a non-exclusive, worldwide, royalty-free, fully paid-up, transferable and sublicensable license to any patent Controlled by FLX that (a) [*] (the “FLX Background Patents”) solely for the purposes of: [*].

10.4.2. **Merck License to FLX**. Merck hereby grants to FLX a non-exclusive, worldwide, royalty-free, fully paid-up, transferable and sublicensable license to any patent Controlled by Merck that (a) [*] (the “Merck Background Patents”) solely for the purposes of: [*].

10.4.3. **No Other Rights**. For clarity, the terms of this Section 10.4 do not provide Merck or FLX with any rights, title or interest or any license to the other Party’s intellectual property rights which [*].
10.4.4. **Termination.** Any and all licenses granted under this Section 10.4 shall terminate upon the expiration or earlier termination of this Agreement and shall not survive such expiration or termination; *provided, however* [***].

10.5. **Ownership of Other Inventions.** Ownership of all Inventions other than Jointly Owned Inventions, Merck Inventions and FLX Inventions shall be based on inventorship as determined under United States patent law.

11. **Reprints; Rights of Cross-Reference.**

Consistent with applicable copyright and other laws, each Party may use, refer to, and disseminate reprints of scientific, medical and other published articles and materials from journals, conferences and/or symposia relating to the Study that disclose the name of a Party, *provided, however*, that such use does not constitute an endorsement of any commercial product or service by the other Party.

12. **Publications; Press Releases.**

12.1. **Clinical Trial Registry.** FLX shall register the Study with the Clinical Trials Registry located at www.clinicaltrials.gov and is committed to timely publication of the results following Study Completion, after taking appropriate action to secure intellectual property rights (if any) arising from the Study. The publication of the results of the Study will be in accordance with the Protocol.

12.2. **Publication.** Each Party shall use reasonable efforts to publish or present scientific papers dealing with the Study in accordance with accepted scientific practice. The Parties agree that prior to submission of the results of the Study for publication or presentation or any other dissemination of such results including oral dissemination, the publishing Party shall invite the other to comment on the content of the material to be published, presented, or otherwise disseminated according to the following procedure:

12.2.1. [***], the publishing Party shall provide to the other Party the full details of the proposed publication, presentation, or dissemination in an electronic version (cd-rom or email attachment). Upon written request from the other Party, the publishing Party agrees not to submit data for publication/presentation/dissemination for an additional [***] in order to allow for actions to be taken to preserve rights for patent protection.

12.2.2. The publishing Party shall give reasonable consideration to any request by the other Party made within the periods mentioned in Section 12.2.1 to modify the publication and the Parties shall work in good faith and in a timely manner to resolve any issue regarding the content for publication.

12.2.3. The publishing Party shall remove all Confidential Information of the other Party before finalizing the publication.

12.3. **Press Releases.** Promptly following the Effective Date, FLX may issue the press release attached hereto as Appendix C. Unless otherwise required by Applicable Law, neither Party shall make any public announcement concerning this Agreement without the prior written consent of the other Party. To the extent a Party desires to make such public announcement, such Party shall provide the other Party with a draft thereof at least [***] prior to the date on which such Party would like to make the public announcement.

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13. **Representations and Warranties; Disclaimers.**

13.1. **Due Authorization.** Each of FLX and Merck represents and warrants to the other that: (a) it has the corporate power and authority and the legal right to enter into this Agreement and perform its obligations hereunder; (b) it has taken all necessary corporate action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder; and (c) this Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid and binding obligation of such Party that is enforceable against it in accordance with its terms.

13.2. **Compounds.**

13.2.1. **FLX Compound.** FLX hereby represents and warrants to Merck that: (a) FLX has the full right, power and authority to grant all of the licenses granted to Merck under this Agreement; and (b) FLX Controls the FLX Compound.

13.2.2. **Merck Compound.** Merck hereby represents and warrants to FLX that: (a) Merck has the full right, power and authority to grant all of the licenses granted to FLX under this Agreement; and (b) Merck Controls the Merck Compound.

13.3. **Results.** FLX does not undertake that the Study shall lead to any particular result, nor is the success of the Study guaranteed. Neither Party shall be liable for any use that the other Party may make of the Clinical Data, or Sample Testing Results that are shared between the Parties in accordance with the Data Sharing and Sample Testing Schedule, nor for advice or information given in connection therewith.

13.4. **Anti-Corruption.**

13.4.1. In performing their respective obligations hereunder, the Parties acknowledge that the corporate policies of FLX and Merck and their respective Affiliates require that each Party’s business be conducted within the letter and spirit of the law. By signing this Agreement, each Party agrees to conduct the business contemplated herein in a manner that is consistent with all Applicable Law, including the Stark Act, Anti-Kickback Statute, Sunshine Act, and the U.S. Foreign Corrupt Practices Act, good business ethics, and its ethics and other corporate policies and agrees to abide by the spirit of the other Party’s guidelines, which may be provided by such other Party from time to time.

13.4.2. Specifically, each Party represents and warrants that it has not, and covenants that it, its Affiliates, and its and its Affiliates’ directors, employees, officers, and anyone acting on its behalf, will not, in connection with the performance of this Agreement, directly or indirectly, make, promise, authorize, ratify or offer to make, or take any action in furtherance of, any payment or transfer of anything of value for the purpose of influencing, inducing or rewarding any act, omission or decision to secure an improper advantage; or improperly assisting it in obtaining or retaining business for it or the other Party, or in any way with the purpose or effect of public or commercial bribery.

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13.4.3. Neither Party shall contact, or otherwise knowingly meet with, any Government Official for the purpose of discussing activities arising out of or in connection with this Agreement, without the prior written approval of the other Party, except where such meeting is consistent with the purpose and terms of this Agreement and in compliance with Applicable Law.

13.4.4. Each Party represents and warrants that it (a) is not excluded, debarred, suspended, proposed for suspension or debarment, in Violation or otherwise ineligible for government programs; and (b) has not employed or subcontracted with any Person for the performance of the Study who is excluded, debarred, suspended, proposed for suspension or debarment, or is in Violation or otherwise ineligible for government programs.

13.4.5. Each Party represents and warrants that, except as disclosed to the other in writing prior to the Effective Date, such Party: (a) does not have any interest that directly or indirectly conflicts with its proper and ethical performance of this Agreement; (b) shall maintain arm’s length relations with all Third Parties with which it deals for or on behalf of the other in performance of this Agreement; and (c) has provided complete and accurate information and documentation to the other Party, the other Party’s Affiliates and its and their personnel in the course of any due diligence conducted by the other Party for this Agreement, including disclosure of any officers, employees, owners or Persons directly or indirectly retained by such Party in relation to the performance of this Agreement who are Government Officials or relatives of Government Officials. Each Party shall make all further disclosures to the other Party as are necessary to ensure the information provided remains complete and accurate throughout the Term. Subject to the foregoing, each Party agrees that it shall not hire or retain any Government Official to assist in its performance of this Agreement, with the sole exception of conduct of or participation in clinical trials under this Agreement, provided that such hiring or retention shall be subject to the completion by the hiring or retaining Party of a satisfactory anti-corruption and bribery (e.g., FCPA) due diligence review of such Government Official. Each Party further covenants that any future information and documentation submitted to the other Party as part of further due diligence or a certification shall be complete and accurate.

13.4.6. Each Party shall have the right during the Term, and for a period of [***], to conduct an investigation and audit of the other Party’s activities, books and records, to the extent they relate to that other Party’s performance under this Agreement, to verify compliance with the terms of this Section 13.4. Such other Party shall cooperate fully with such investigation or audit, the scope, method, nature and duration of which shall be at the sole reasonable discretion of the Party requesting such audit. [***]. The auditing Party shall provide the other Party with [***] advance notice prior to such audit.

13.4.7. Each Party shall use commercially reasonable efforts to ensure that all transactions under the Agreement are properly and accurately recorded in all material respects on its books and records and that each document upon which entries in such books and records are based is complete and accurate in all material respects. Each Party further represents, warrants and covenants that all books, records, invoices and other documents relating to payments and
expenses under this Agreement are and shall be complete and accurate and reflect in reasonable detail the character and amount of transactions and expenditures. Each Party shall maintain a system of internal accounting controls reasonably designed to ensure that no off-the-books or similar funds or accounts will be maintained or used in connection with this Agreement.

13.4.8. Each Party agrees that in the event that the other Party believes in good faith that there has been a possible violation of any provision of Section 13.4, such other Party may make full disclosure of such belief and related information needed to support such belief at any time and for any reason to any competent government bodies and agencies, and to anyone else such Party determines in good faith has a legitimate need to know.

13.4.9. Each Party shall comply with its own ethical business practices policy and any corporate integrity agreement (if applicable) to which it is subject, and shall conduct its Study-related activities in accordance with Applicable Law. Each Party shall ensure that all of its employees involved in performing its obligations under this Agreement are made specifically aware of the compliance requirements under this Section 13.4. In addition, each Party shall ensure that all such employees participate in and complete mandatory compliance training to be conducted by each Party, including specific training on anti-bribery and corruption, prior to his/her performance of any obligations or activities under this Agreement. Each Party shall certify its continuing compliance with the requirements under this Section 13.4 on a periodic basis during the Term in such form as may be reasonably specified by the other Party.

13.4.10. Each Party shall have the right to terminate this Agreement immediately upon violation of this Section 13.4 in accordance with Section 6.6.

13.5. DISCLAIMER. EXCEPT AS EXPRESSLY PROVIDED HEREIN, MERCK MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE MERCK COMPOUND, AND FLX MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE FLX COMPOUND.


14.1. Insurance. Each Party warrants that it maintains a policy or program of insurance or self-insurance at levels sufficient to support the indemnification obligations assumed herein. Upon request, a Party shall provide evidence of such insurance.

14.2. Indemnification.

14.2.1. Indemnification by FLX. FLX agrees to defend, indemnify and hold harmless Merck, its Affiliates, and its and their employees, directors, subcontractors and agents from and against any loss, damage, reasonable costs and expenses (including reasonable attorneys’ fees and expenses) incurred in connection with any claim, proceeding, or investigation by a Third Party arising out of this Agreement or the Study (a “Liability”), [***] the extent that such Liability was directly caused by [***].
14.2.2. **Indemnification by Merck.** Merck agrees to defend, indemnify and hold harmless FLX, its Affiliates, and its and their employees, directors, Subcontractors and agents from and against any Liability to the extent such Liability was directly caused by [***].

14.2.3. **Procedure.** The obligations of Merck and FLX under this Section 14.2 are conditioned upon the delivery of written notice to Merck or FLX, as the case might be, of any potential Liability within a reasonable time after a Party becomes aware of such potential Liability. The indemnifying Party will have the right to assume the defense of any suit or claim related to the Liability (using counsel reasonably satisfactory to the indemnified Party) if it has assumed responsibility for the suit or claim in writing; provided that the indemnified Party may assume the responsibility for such defense to the extent the indemnifying Party does not so in a timely manner). The indemnified Party may participate in (but not control) the defense thereof at its sole cost and expense. The Party controlling such defense (the “Defending Party”) shall keep the other Party (the “Other Party”) advised of the status of such action, suit, proceeding or claim and the defense thereof and shall consider recommendations made by the Other Party with respect thereto. The Defending Party shall not agree to any settlement of such action, suit, proceeding or claim without the prior written consent of the Other Party, which shall not be unreasonably withheld. The Defending Party, but solely to the extent the Defending Party is also the indemnifying Party, shall not agree to any settlement of such action, suit, proceeding or claim or consent to any judgment in respect thereof that does not include a complete and unconditional release of the Other Party from all liability with respect thereto or that imposes any liability or obligation on the Other Party without the prior written consent of the Other Party.

14.2.4. **Study Subjects.** FLX shall not offer compensation on behalf of Merck to any Study subject or bind Merck to any indemnification obligations in favor of any Study subject. Merck shall not offer compensation on behalf of FLX to any Study subject or bind FLX to any indemnification obligations in favor of any Study subject.

14.3. **LIMITATION OF LIABILITY.** IN NO EVENT SHALL EITHER PARTY (OR ANY OF ITS AFFILIATES OR SUBCONTRACTORS) BE LIABLE TO THE OTHER PARTY UNDER ANY THEORY FOR, NOR SHALL ANY INDEMNIFIED PARTY HAVE THE RIGHT TO RECOVER, ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES OR ANY PUNITIVE DAMAGES OR ANY LOST PROFIT, LOST SALE OR LOST OPPORTUNITY DAMAGES (WHETHER SUCH CLAIMED DAMAGES ARE DIRECT OR INDIRECT), WHETHER ARISING DIRECTLY OR INDIRECTLY OUT OF (A) THE MANUFACTURE OR USE OF ANY COMPOUND SUPPLIED HEREUNDER OR (B) ANY BREACH OF OR FAILURE TO PERFORM ANY OF THE PROVISIONS OF THIS AGREEMENT OR ANY REPRESENTATION, WARRANTY OR COVENANT CONTAINED IN OR MADE PURSUANT TO THIS AGREEMENT, EXCEPT THAT SUCH LIMITATION SHALL NOT APPLY TO DAMAGES PAID OR PAYABLE TO A THIRD PARTY BY AN INDEMNIFIED PARTY FOR WHICH THE INDEMNIFIED PARTY IS ENTITLED TO INDEMNIFICATION HEREUNDER OR WITH RESPECT TO DAMAGES ARISING OUT OF OR RELATED TO A PARTY’S BREACH OF ITS OBLIGATIONS UNDER THIS AGREEMENT WITH RESPECT TO USE, DISCLOSURE, LICENSE, ASSIGNMENT OR OTHER TRANSFER OF [***].
15. **Use of Name.**

   Except as otherwise provided herein, neither Party shall have any right, express or implied, to use in any manner the name or other designation of the other Party or any other trade name, trademark or logo of the other Party for any purpose in connection with the performance of this Agreement without the other Party’s prior written consent.

16. **Force Majeure.**

   If, in the performance of this Agreement, one of the Parties is prevented, hindered or delayed by reason of any cause beyond such Party’s reasonable control (e.g., war, riots, fire, strike, acts of terror, governmental laws), such Party shall be excused from performance to the extent that it is necessarily prevented, hindered or delayed (“**Force Majeure**”). The non-performing Party shall notify the other Party of such Force Majeure within [***] days after such occurrence by giving written notice to the other Party stating the nature of the event, its anticipated duration, and any action being taken to avoid or minimize its effect. The suspension of performance will be of no greater scope and no longer duration than is necessary and the non-performing Party shall use commercially reasonable efforts to remedy its inability to perform.

17. **Entire Agreement; Amendment; Waiver.**

   This Agreement, together with the Appendices and Schedules hereto and the Related Agreements, constitutes the sole, full and complete agreement by and between the Parties with respect to the subject matter of this Agreement, and all prior agreements, understandings, promises and representations, whether written or oral, with respect thereto are superseded by this Agreement. In the event of a conflict between a Related Agreement and this Agreement, the terms of this Agreement shall control. No amendments, changes, additions, deletions or modifications to or of this Agreement shall be valid unless reduced to writing and signed by the Parties hereto. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. The waiver by either Party of any right hereunder or of the failure to perform or of a breach by the other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by said other Party whether of a similar nature or otherwise.

18. **Assignment and Affiliates.**

   Neither Party shall assign or transfer this Agreement without the prior written consent of the other Party; provided, however, that either Party may assign all or any part of this Agreement to: (i) one or more of its Affiliates; [***] without the other Party’s consent, and any and all rights and obligations of either Party may be exercised or performed by its Affiliates, provided that any such Affiliate [***] agrees agree to be bound by this Agreement, and provided further that [***]. Any assignment not in conformance with this Article 18 shall be null and void.

19. **Invalid Provision.**

   If any provision of this Agreement is held to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision. In lieu of the illegal, invalid or unenforceable provision, the Parties shall negotiate in good faith to agree upon a reasonable provision that is legal, valid and enforceable to carry out as nearly as practicable the original intention of the entire Agreement.
20. **No Additional Obligations.**

FLX and Merck have no obligation to renew this Agreement or apply this Agreement to any clinical trial other than the Study. Nothing in this Agreement obligates the Parties to enter into any other agreement (other than the Related Agreements) at this time or in the future.

21. **Governing Law; Dispute Resolution.**

21.1. The Parties shall attempt in good faith to settle all disputes arising out of or in connection with this Agreement in an amicable manner. Any claim, dispute or controversy arising out of or relating to this Agreement, including the breach, termination or validity hereof or thereof, shall be governed by and construed in accordance with the substantive laws of the State of New York, without giving effect to its choice of law principles.

21.2. Nothing contained in this Agreement shall deny either Party’s right to seek injunctive or other equitable relief from a court of competent jurisdiction in the context of a bona fide emergency or prospective irreparable harm, and such an action may be filed or maintained notwithstanding any ongoing discussions between the Parties.

22. **Notices.**

All notices or other communications that are required or permitted hereunder shall be in writing and delivered personally, sent by facsimile (and promptly confirmed by personal delivery or overnight courier), or sent by internationally-recognized overnight courier addressed as follows:

If to FLX, to:

FLX Bio, Inc.
561 Eccles Ave.
South San Francisco, CA 94080
Attention: Chief Operating Officer

With copy (which shall not constitute notice) to:

Cooley Godward Kronish LLP
3175 Hanover St.
Palo Alto, CA 94034-1130

If to Merck, to:

MSD International GmbH
Weystrasse 20
6000 Luzern 6
Switzerland
Attention: Director
Facsimile: +41 44 828 7208
23. **Relationship of the Parties.**

The relationship between the Parties is and shall be that of independent contractors, and does not and shall not constitute a partnership, joint venture, agency or fiduciary relationship. Neither Party shall have the authority to make any statements, representations or commitments of any kind, or take any actions, that are binding on the other Party, except with the prior written consent of the other Party to do so. All Persons employed by a Party will be the employees of such Party and not of the other Party and all costs and obligations incurred by reason of any such employment shall be for the account and expense of such Party.

24. **Counterparts and Due Execution.**

This Agreement and any amendment may be executed in any number of counterparts (including by way of facsimile or electronic transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, notwithstanding any electronic transmission, storage and printing of copies of this Agreement from computers or printers. When executed by the Parties, this Agreement shall constitute an original instrument, notwithstanding any electronic transmission, storage and printing of copies of this Agreement from computers or printers. For clarity, facsimile signatures and signatures transmitted via PDF shall be treated as original signatures.

25. **Construction.**

Except where the context otherwise requires, wherever used, the singular will include the plural, the plural the singular, the use of any gender will be applicable to all genders, and the word “or” is used in the inclusive sense (and/or). Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. The captions of this Agreement are for convenience of reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The term “including” as used herein shall be deemed to be followed by the phrase "without limitation" or like expression. The term “will” as used herein means shall. The terms “hereof”, “hereto”, “herein” and “hereunder” and words of similar import when used in this Agreement refer to this Agreement as a whole and no to any particular provision of this Agreement. References to “Article,” “Section”, “Appendix” or “Schedule” are references to the numbered sections of this Agreement and the appendices attached to this Agreement, unless expressly stated otherwise. Except where the context otherwise requires, references to this “Agreement” shall include the appendices attached to this Agreement. The language of this Agreement shall be deemed to be the language mutually chosen by the Parties and no rule of strict construction will be applied against either Party hereto.

[Remainder of page intentionally left blank.]
IN WITNESS WHEREOF, the respective representatives of the Parties have executed this Agreement as of the Effective Date.

FLX Bio, Inc.

By: /s/ Brian R. Wong

Brian R. Wong
Name
Chief Executive Officer
Title

MSD International GmbH

By: /s/ Franz Escherich

Franz Escherich
Name
Director
Title
## SUPPLY OF COMPOUND

### Schedule of Deliveries for FLX475

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### Schedule of Deliveries for Pembrolizumab

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Notes:

1) Pembrolizumab delivery dates and quantities are estimated. Dates and quantities may change based on Study requirements and agreement between the Parties. Total estimated quantities may [***].

2) [***].
FLX PRESS RELEASE

FLX BIO ANNOUNCES CLINICAL TRIAL COLLABORATION AGREEMENT WITH MERCK FOR ONGOING PHASE 1/2 STUDY OF FLX475

Trial will evaluate FLX Bio’s CCR4 inhibitor, FLX475, in combination with Merck’s KEYTRUDA® (pembrolizumab), an anti-PD-1 therapy, in multiple types of cancer

SOUTH SAN FRANCISCO, Calif. – November XX, 2018 – FLX Bio, Inc., a clinical-stage, biopharmaceutical company focused on the development of oral small-molecule drugs that target drivers of cancer and other immune-related disorders, today announced that it has established a clinical trial collaboration agreement with Merck (known as MSD outside the U.S. and Canada) to conduct a Phase 1/2 study evaluating the safety and efficacy of the combination of KEYTRUDA® (pembrolizumab), Merck’s anti-PD-1 therapy, and FLX Bio’s investigational oral small molecule CCR4 inhibitor, FLX475, in patients with multiple types of cancer.

The open-label, dose-escalation and cohort expansion Phase 1/2 study is enrolling patients with multiple types of cancer at leading cancer centers across the United States, Australia and Asia. In addition to evaluating the safety and tolerability of FLX475 as a monotherapy and in combination with pembrolizumab, the study will evaluate changes in the tumor microenvironment and the antitumor activity of both monotherapy and combination therapy. For more information please visit clinicaltrials.gov identifier NCT03674567.

“We are extremely pleased to collaborate with Merck, an established leader in the field of cancer immunotherapy,” said Brian Wong, M.D., Ph.D., CEO of FLX Bio. “KEYTRUDA is an anti-PD1 immunotherapy that has demonstrated efficacy in a range of cancers. FLX475 targets a novel mechanism to selectively inhibit the recruitment of regulatory T cells (Treg) into the tumor, where Treg potentially suppress the anti-tumor immune response; thus FLX475 has the potential to deepen and broaden the efficacy of KEYTRUDA when combined. We are excited to collaborate with the Merck team to evaluate the efficacy of a combination of FLX475 and KEYTRUDA which we believe could substantially improve patient outcomes.”

Keytruda® is a registered trademark of Merck Sharp & Dohme Corp, a subsidiary of Merck & Co., Inc., Kenilworth, NJ, USA.

About FLX475

FLX475 is a best-in-class oral, small molecule antagonist of CCR4 which selectively blocks suppressive regulatory T cells in tumor tissue and promotes a durable anti-tumor immune response. FLX Bio has completed a study of FLX475 in healthy volunteers, demonstrating that the compound is safe with excellent pharmacokinetic and pharmacodynamic properties. In preclinical studies, FLX475 inhibited tumor growth and increased tumor regression as a single agent. In addition, FLX475 enhanced the anti-tumor effects of various checkpoint inhibitors as well as immune agonist antibodies. FLX475 also has the potential to enhance cell-based immunotherapies such as CAR-T and cancer vaccines. In contrast to depleting antibody approaches, FLX475 selectively blocks the recruitment of regulatory T cells to the tumor site and does not deplete cells beneficial to an anti-tumor response or regulatory T cells in healthy tissue.
About FLX Bio
FLX Bio, Inc. is a privately-held biopharmaceutical company focused on the discovery, development and commercialization of best-in-class, oral small molecule therapeutics for the treatment of cancers and other immune disorders. Our lead compounds inhibit the CCR4 pathway which plays a key role in both suppressing the immune response to cancer and in the initiation, progression and persistence of allergic inflammation. We leverage big data and proprietary informatics together with our advanced drug discovery capabilities and deep biology expertise, to develop therapeutics that address key pressure points in pathways that propagate an abnormal immune response.

Located in South San Francisco, Calif., and funded by leading investors, including The Column Group (TCG), Kleiner Perkins (KP), Topspin Partners, GV (formerly Google Ventures) and Celgene Corporation, FLX Bio has assembled a leadership team and advisory group with a proven track record of success and team of scientists with substantial knowledge and expertise in drug discovery and translational areas essential to execute on this approach. For more information, please visit www.flxbio.com.

Contact:
Angela Bitting
For FLX Bio, Inc.
media@flxbio.com
(925) 202-6211
[***]
Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated May 24, 2019, in the Registration Statement (Form S-1) and related Prospectus of RAPT Therapeutics, Inc. for the registration of shares of its common stock.

/s/ Ernst & Young LLP

Redwood City, California
July 5, 2019